

From: [Richard Naylor](#)
To: [Michael Lipman](#); [Ryan Lordos](#)
Cc: [Celeste Molleur](#)
Subject: RE: **Preliminary - Potential CIT Acquisition -FRSONLY-
Date: Thursday, April 24, 2014 3:57:48 PM

Very interesting. Thanks.

From: Michael Lipman
Sent: Thursday, April 24, 2014 3:47 PM
To: Ryan Lordos; Richard Naylor
Cc: Celeste Molleur
Subject: **Preliminary - Potential CIT Acquisition -FRSONLY-

(b)(5)

Based on details from the most recent CIT April BOD meeting, there is a likelihood CIT may approach FRB in the near term to discuss an acquisition of OneWest NA (Private, ~\$23B in assets). Couple points:

- (b)(5) & (b)(8)
- OneWest was founded in 2009 with the purchase of IndyMac from the FDIC by 7 initial investors and management (IMB HoldCo LLC). First Federal Bank, and La Jolla Bank were acquired in FDIC-assisted deals in 2009 and 2010. OneWest has 75 branches in Southern California (primarily LA).
- (b)(5) & (b)(8)
- (b)(5) & (b)(8)
- (b)(5) & (b)(8)

Final point, CIT reports earnings next Tues (4/29), which could lead to further info. (b)(5)

I will keep you updated as discussions develop.

(b)(5) & (b)(8)

Michael Lipman
Banking Supervision and Regulation
Federal Reserve Board of Governors
(202) 912-4605

(b)(6) (Cell)

Alison Thro

From: Alison Thro
Sent: Tuesday, June 24, 2014 12:19 PM
To: Valerie Delaney
Subject: Accepted: Hold for Rodgin Cohen to discuss merger CIT with One West

Alison Thro

Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
Location: Here
Start: Tue 7/1/2014 12:00 PM
End: Tue 7/1/2014 2:00 PM
Show Time As: Tentative
Recurrence: (none)
Meeting Status: Not yet responded
Organizer: Valerie Delaney

Rodgin is coming in next week to discuss a proposed merger of CIT with One West. This would be the first transaction post-Dodd Frank to result in the creation of an institution that is more than \$50 billion.

-----Original Appointment-----

From: Valerie Delaney
Sent: Tuesday, June 24, 2014 12:19 PM
To: Valerie Delaney; Scott Alvarez; Alison Thro; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse
Subject: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

Alison Thro

Subject: FW: Rodgin Cohen to discuss merger CIT with One West
Location: B-4001

Start: Tue 7/1/2014 12:00 PM
End: Tue 7/1/2014 1:00 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Valerie Delaney

-----Original Appointment-----

From: Valerie Delaney
Sent: Tuesday, June 24, 2014 12:19 PM
To: Valerie Delaney; Scott Alvarez; Alison Thro
Cc: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day
Subject: Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: B-4001

From: [Richard Naylor](#)
To: [Michael Lipman](#); [Celeste Molleur](#)
Cc: [Ryan Lordos](#)
Subject: RE: CIT Meeting on Potential Acquisitions -FRSONLY-
Date: Wednesday, June 25, 2014 10:28:06 AM

Yes, Jack should be invited. (b)(5)

From: Michael Lipman
Sent: Wednesday, June 25, 2014 10:05 AM
To: Celeste Molleur
Cc: Richard Naylor; Ryan Lordos
Subject: CIT Meeting on Potential Acquisitions -FRSONLY-

A discussion topic for a while, it appears the wheels are now in motion.

CIT is meeting with FRBNY (John Ricketti and others) next Monday at 11am to discuss a potentially large acquisition. CIT has yet to send a discussion deck but will have more details later this week (OneWest continues to be the assumed target: \$22B out of CA). John Thain's secretary has been guided to me to help set up a meeting in DC and I am expecting to hear from her by Friday. That said, it is also possible that they may reach out to one of you; CPC Cheatham is under the impression they have a different contact in DC as well (he is not sure who).

Anyhow, timing of the meeting remains TBD but the request could be for as early as the end of the next week.

I will keep you posted and let me know if Jack Jennings should be invited to this type of meeting.

Thanks.

Michael Lipman
Banking Supervision and Regulation
Federal Reserve Board of Governors
(202) 912-4605

(b)(6) (Cell)

From: [Melissa Vanouse](#) on behalf of [Valerie Delaney](#)
To: [Phyllis Harwell](#); [Michael Sexton](#); [Jacob Gramlich](#); [Jessica Stahl](#); [Melissa Vanouse](#); [Scott Alvarez](#); [Alison Thro](#)
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West

FYI; please let me know if you'd like to attend or if I should do so.

-----Original Appointment-----

From: Valerie Delaney

Sent: Wednesday, June 25, 2014 12:35 PM

To: Valerie Delaney; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Scott Alvarez; Alison Thro

Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Here

Rodgin Cohen is coming in to discuss a proposed merger between CIT and One West. This is the first transaction post-Dodd Frank that will create an institution that is over \$50 billion. Financial stability considerations will be at the fore. (b)(5)

(b)(5) The meeting will be in Scott's office, so space will be limited. You or your designee are welcome to attend. Thanks. --Alison

-----Original Appointment-----

From: Valerie Delaney

Sent: Tuesday, June 24, 2014 12:19 PM

To: Valerie Delaney; Scott Alvarez; Alison Thro

Subject: Hold for Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Here

Jessica Stahl

From: Jessica Stahl
Sent: Wednesday, June 25, 2014 12:53 PM
To: Valerie Delaney
Subject: Accepted: FW: Hold for Rodgin Cohen to discuss merger CIT with One West

From: [Melissa Vanouse](#)
To: [Phyllis Harwell](#)
Subject: RE: Hold for Rodgin Cohen to discuss merger CIT with One West -FRSONLY-
Date: Wednesday, June 25, 2014 1:27:49 PM

Will do.

Melissa Vanouse

Manager, Division of Consumer and Community Affairs

Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov

Tel: 202.452.3488

Mobile: (b)(6)

From: Phyllis Harwell
Sent: Wednesday, June 25, 2014 1:27 PM
To: Melissa Vanouse
Subject: RE: Hold for Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

You will have to do so since this conflicts with some mid-year P&P meetings on my calendar.

-----Original Appointment-----

From: Melissa Vanouse **On Behalf Of** Valerie Delaney
Sent: Wednesday, June 25, 2014 12:45 PM
To: Phyllis Harwell
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

FYI; please let me know if you'd like to attend or if I should do so.

-----Original Appointment-----

From: Valerie Delaney
Sent: Wednesday, June 25, 2014 12:35 PM
To: Valerie Delaney; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Scott Alvarez; Alison Thro
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

Rodgin Cohen is coming in to discuss a proposed merger between CIT and One West. This is

the first transaction post-Dodd Frank that will create an institution that is over \$50 billion. Financial stability considerations will be at the fore. (b)(5)
The meeting will be in Scott's office, so space will be limited. You or your designee are welcome to attend. Thanks. --Alison

-----Original Appointment-----

From: Valerie Delaney

Sent: Tuesday, June 24, 2014 12:19 PM

To: Valerie Delaney; Scott Alvarez; Alison Thro

Subject: Hold for Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Here

Melissa Vanouse

From: Melissa Vanouse
Sent: Wednesday, June 25, 2014 1:28 PM
To: Valerie Delaney
Subject: Accepted: FW: Hold for Rodgin Cohen to discuss merger CIT with One West

Jessica Stahl

From: Jacob Gramlich
Sent: Wednesday, June 25, 2014 5:04 PM
To: Courtney Carter; Jessica Stahl
Cc: Dean Amel
Subject: CIT - OneWest

Dean: For your records only!

Jessica: [REDACTED] (b)(5)

Courtney: [REDACTED] (b)(5)

Thanks,
Jake

-----Original Appointment-----

From: Valerie Delaney
Sent: Wednesday, June 25, 2014 12:35 PM
To: Valerie Delaney; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Scott Alvarez; Alison Thro
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

Duplicate of Email that is also Contained in the Email Chain on June 25, 2014 at 1:27pm (above)

Melissa Vanouse

Subject: Rodgin Cohen to discuss merger CIT with One West

Location: B-4001

Start: Tue 7/1/2014 12:00 PM

End: Tue 7/1/2014 1:00 PM

Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Valerie Delaney

Required Attendees: Scott Alvarez; Alison Thro

Optional Attendees: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell;
Kathleen O'Day

Jessica Stahl

From: Jessica Stahl
Sent: Friday, June 27, 2014 11:32 AM
To: Valerie Delaney
Subject: Accepted: Rodgin Cohen to discuss merger CIT with One West

Alison Thro

From: Alison Thro
Sent: Monday, June 30, 2014 8:16 AM
To: Valerie Delaney
Subject: Accepted: Rodgin Cohen to discuss merger CIT with One West

Jessica Stahl

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:08 AM
To: Jacob Gramlich; Jessica Stahl
Subject: Rodgin Cohen mtg

Hi Jake and Jessica,

Do you know anything about this? It's the first I've heard of it.

Thanks!
Beth

Melissa Vanouse

From: Melissa Vanouse
Sent: Monday, June 30, 2014 11:19 AM
To: Valerie Delaney
Subject: Accepted: Rodgin Cohen to discuss merger CIT with One West

Jessica Stahl

From: Jessica Stahl
Sent: Monday, June 30, 2014 11:45 AM
To: Jacob Gramlich
Subject: RE: CIT - OneWest -FRSONLY-

(b)(6)

Would you prefer 4:15pm today or 9am tomorrow? I need to leave the office by 4:45pm today...

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:42 AM
To: Jacob Gramlich; Jessica Stahl
Subject: RE: CIT - OneWest -FRSONLY-

(b)(6)

I'll let the two of you decide the time.

Thanks!
Beth

From: Jacob Gramlich
Sent: Monday, June 30, 2014 11:41 AM
To: Elizabeth Kiser; Jessica Stahl
Subject: Re: CIT - OneWest -FRSONLY-

I can meet this afternoon but only by phone - (b)(6)). But fine to have a call.

Sent from BlackBerry

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:37 AM
To: Jacob Gramlich; Jessica Stahl
Subject: RE: CIT - OneWest -FRSONLY-

Thanks to you both!

How about if each of you gathers the relevant information on these firms in your respective areas, and we sit down together for a few minutes (half hour, tops) this afternoon. Your schedules look busy – I could start anytime between 1:30 and 3:30. Might you be available for some window during that time?

(b)(5)

Thanks much!
Beth

From: Jacob Gramlich
Sent: Monday, June 30, 2014 11:32 AM
To: Jessica Stahl; Elizabeth Kiser
Subject: Re: CIT - OneWest

(b)(5)

Sent from BlackBerry

From: Jessica Stahl
Sent: Monday, June 30, 2014 11:12 AM
To: Elizabeth Kiser
Cc: Jacob Gramlich
Subject: FW: CIT - OneWest

Beth,

See below. We should have forwarded this to you when we got it. To be honest, I assumed you knew about it, but I should not have assumed. (b)(5)

Jessica

-----Original Appointment-----

From: Valerie Delaney
Sent: Wednesday, June 25, 2014 12:35 PM
To: Valerie Delaney; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Scott Alvarez; Alison Thro
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

Duplicate of the Email Captured in the Email Chain on June 25, 2014 at 1:27pm (above)

Jessica Stahl

From: Jessica Stahl
Sent: Monday, June 30, 2014 1:08 PM
To: Jacob Gramlich
Subject: Accepted: CIT OneWest pregame

Jessica Stahl

From: Jessica Stahl
Sent: Monday, June 30, 2014 1:13 PM
To: Jacob Gramlich; Elizabeth Kiser
Subject: RE: CIT - OneWest -FRSONLY-

(b)(5)

From: Jacob Gramlich
Sent: Monday, June 30, 2014 12:57 PM
To: Elizabeth Kiser; Jessica Stahl
Subject: RE: CIT - OneWest -FRSONLY-

On #4: I am logged back into the network and I see no application on Eapps. (I searched CIT, OneWest, and One West).

From: Jacob Gramlich
Sent: Monday, June 30, 2014 12:32 PM
To: Elizabeth Kiser; Jessica Stahl
Subject: Re: CIT - OneWest -FRSONLY-

Beth and Jessica,

1. Thanks for the well wishes, (b)(6)
2. 1045 tomorrow is fine and I'll plan on it.
3. I'm also free (by phone) at 415 today if that's useful. My office number reaches my cell.
4. (b)(5)
5. (b)(5)
6. (b)(5)
7. I had planned to attend the meeting as well.

Jake

Sent from BlackBerry

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:49 AM
To: Jessica Stahl; Jacob Gramlich

Subject: RE: CIT - OneWest -FRSONLY-

Super; thank you.

(b)(5)

Thanks again,
Beth

From: Jessica Stahl
Sent: Monday, June 30, 2014 11:48 AM
To: Elizabeth Kiser; Jacob Gramlich
Subject: RE: CIT - OneWest -FRSONLY-

10:45am works for me.

Yes, I already told Scott's assistant that I will be at the Cohen meeting.

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:46 AM
To: Jessica Stahl; Jacob Gramlich
Subject: RE: CIT - OneWest -FRSONLY-

Ok, thanks. I have a meeting tomorrow with Robin that should wrap up around 10:45. Could I stop by your office around then?

Also, I realized I'm hosting our FRBNY speakers for lunch tomorrow, so I can't join for the meeting with Scott and Rodgin. Jessica, will you be able to attend on our behalf? I'll try to give Alison a call sometime today to touch base with her.

Thanks again,
Beth

From: Jessica Stahl
Sent: Monday, June 30, 2014 11:42 AM
To: Jacob Gramlich; Elizabeth Kiser
Subject: RE: CIT - OneWest -FRSONLY-

I am booked from 1:45 to 4pm today, unfortunately. I'm free all morning tomorrow.

From: Jacob Gramlich
Sent: Monday, June 30, 2014 11:41 AM
To: Elizabeth Kiser; Jessica Stahl
Subject: Re: CIT - OneWest -FRSONLY-

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 11:45am (above)

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 11:37 AM
To: Jacob Gramlich; Jessica Stahl
Subject: RE: CIT - OneWest -FRSONLY-

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 11:45am (above)

From: Jacob Gramlich
Sent: Monday, June 30, 2014 11:32 AM
To: Jessica Stahl; Elizabeth Kiser
Subject: Re: CIT - OneWest

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 11:45am (above)

From: Jessica Stahl
Sent: Monday, June 30, 2014 11:12 AM
To: Elizabeth Kiser
Cc: Jacob Gramlich
Subject: FW: CIT - OneWest

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 11:45am (above)

-----Original Appointment-----


From: Valerie Delaney
Sent: Wednesday, June 25, 2014 12:35 PM
To: Valerie Delaney; Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Scott Alvarez; Alison Thro
Subject: FW: Hold for Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Here

Duplicate of the Email Captured in the Email Chain on June 25, 2014 at 5:04pm (above)

From: [Jacob Gramlich](#)
To: [Dean Amel](#)
Subject: CIT OneWest
Date: Monday, June 30, 2014 1:25:08 PM

Dean,

We have a meeting with Rodgin Cohen and Scott Alvarez tomorrow (Tue 12p EST) on a proposed merger between CIT and OneWest. (b)(5)

A large rectangular area of the email body is redacted with a solid grey fill, obscuring several lines of text. The redaction starts below the first paragraph and extends across most of the width of the email content area.

How's the hiking?!

Jake

Sent from BlackBerry

Jessica Stahl

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:40 PM
To: Jessica Stahl; Jacob Gramlich
Cc: Dean Amel
Subject: FW: CIT archives - Restricted FR -FRSONLY-
Attachments: [CIT_R&S - 20081103.pdf](#); [Leading Investor Base.pdf](#)

Restricted FR

(b)(5)

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:38 PM
To: Jessica Stahl; Jacob Gramlich (Jacob.P.Gramlich@frb.gov)
Cc: Dean Amel
Subject: CIT archives - Restricted FR -FRSONLY-

Restricted FR

Jessica and Jake,

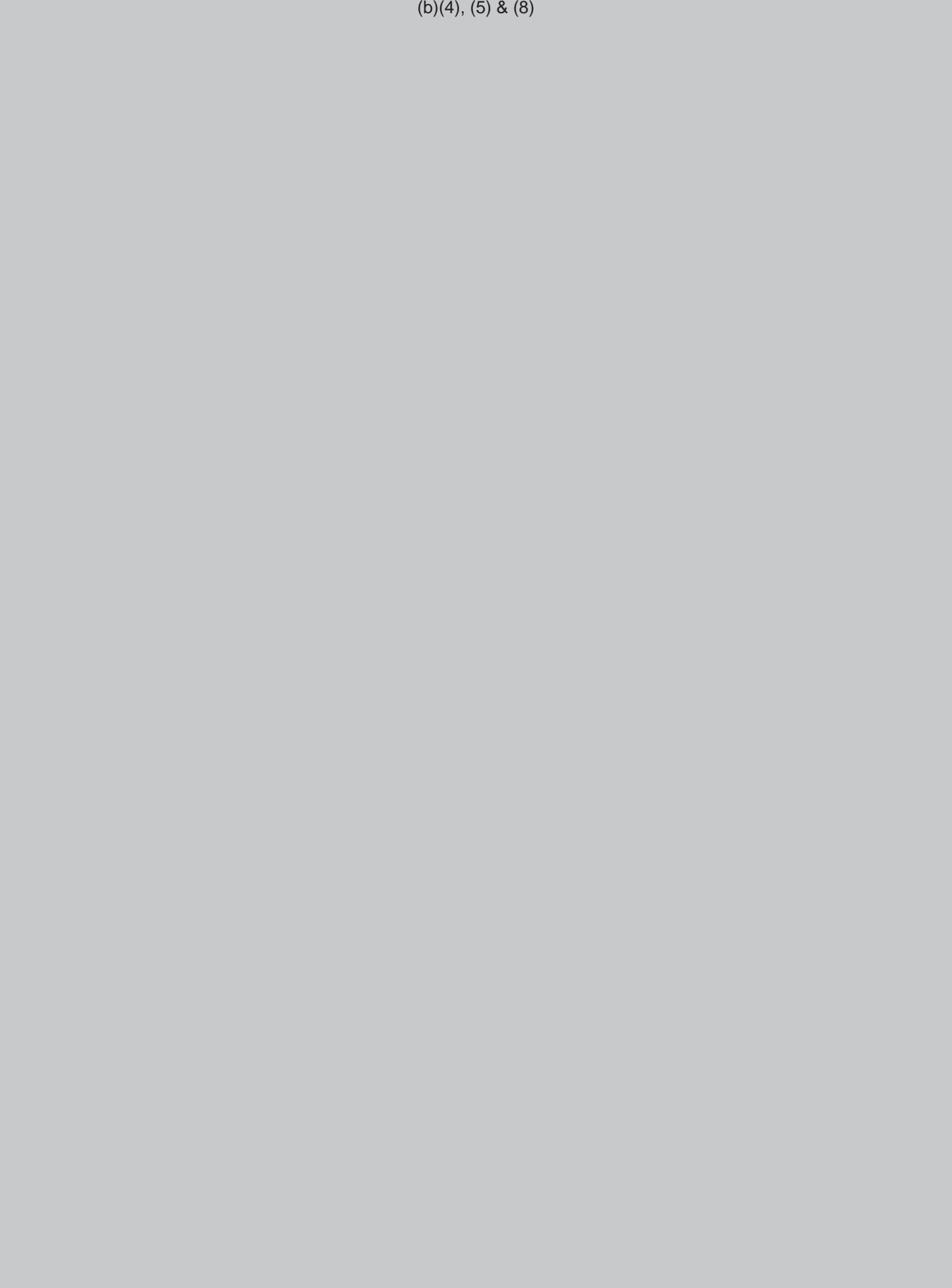
I dug a bit and found some materials on CIT's (b)(5)

I will send the materials separately in subsequent emails. (b)(5)

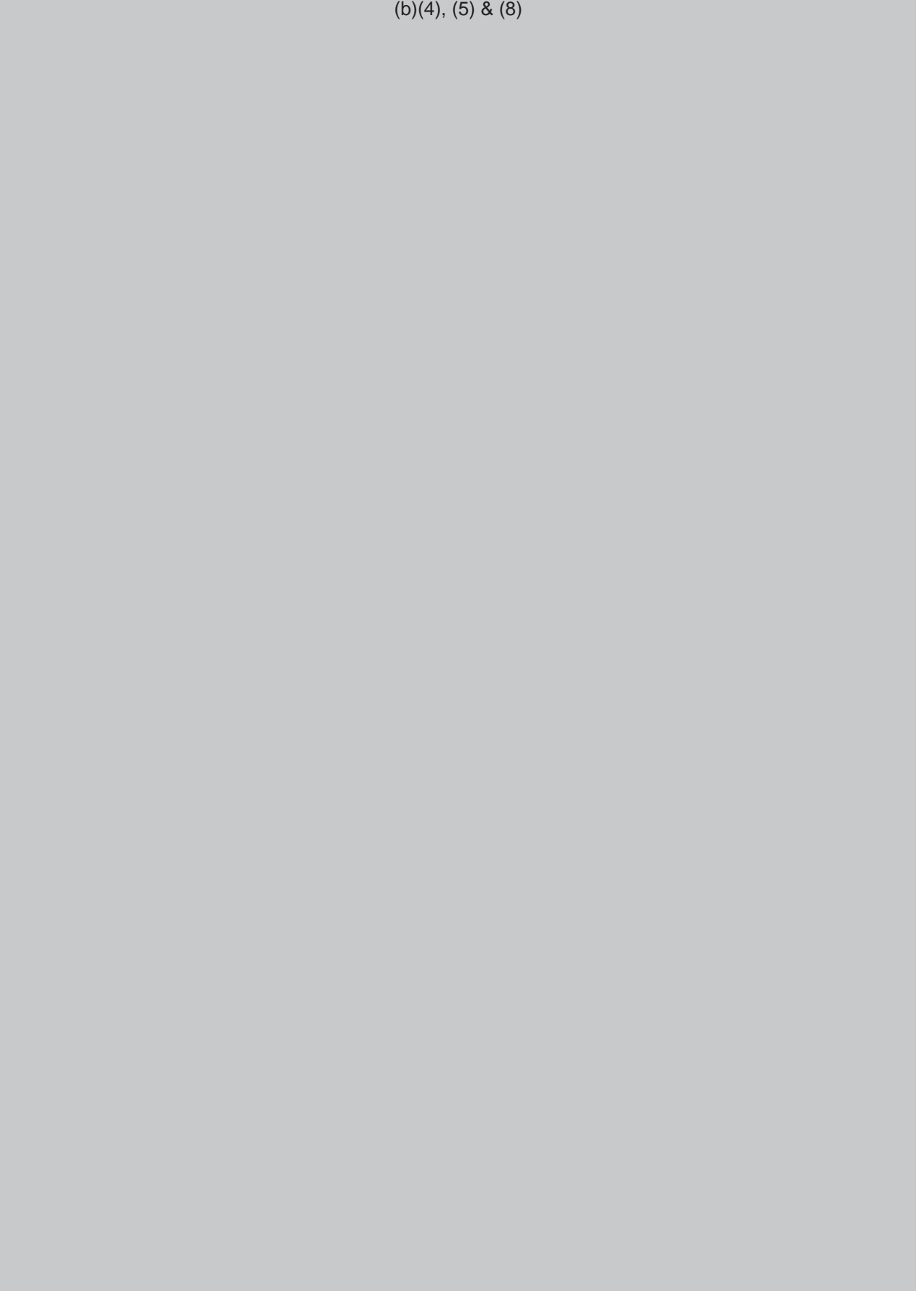
Hope this helps -
Beth

Beth Kiser
Assistant Director
Division of Research and Statistics
Federal Reserve Board
20th and C St, NW
Washington, DC 20551
Phone: 202-452-2584
elizabeth.k.kiser@frb.gov

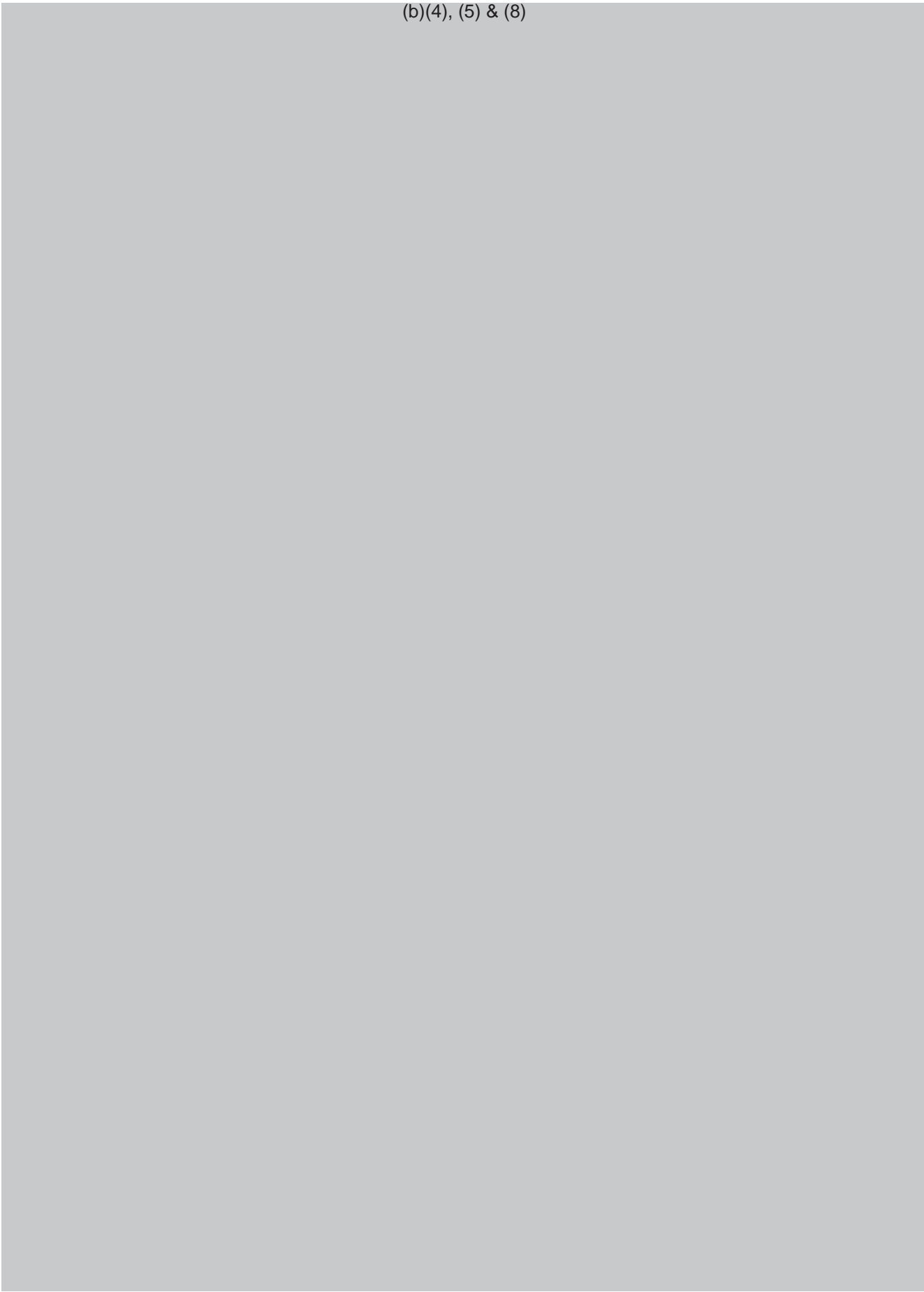
(b)(4), (5) & (8)



(b)(4), (5) & (8)



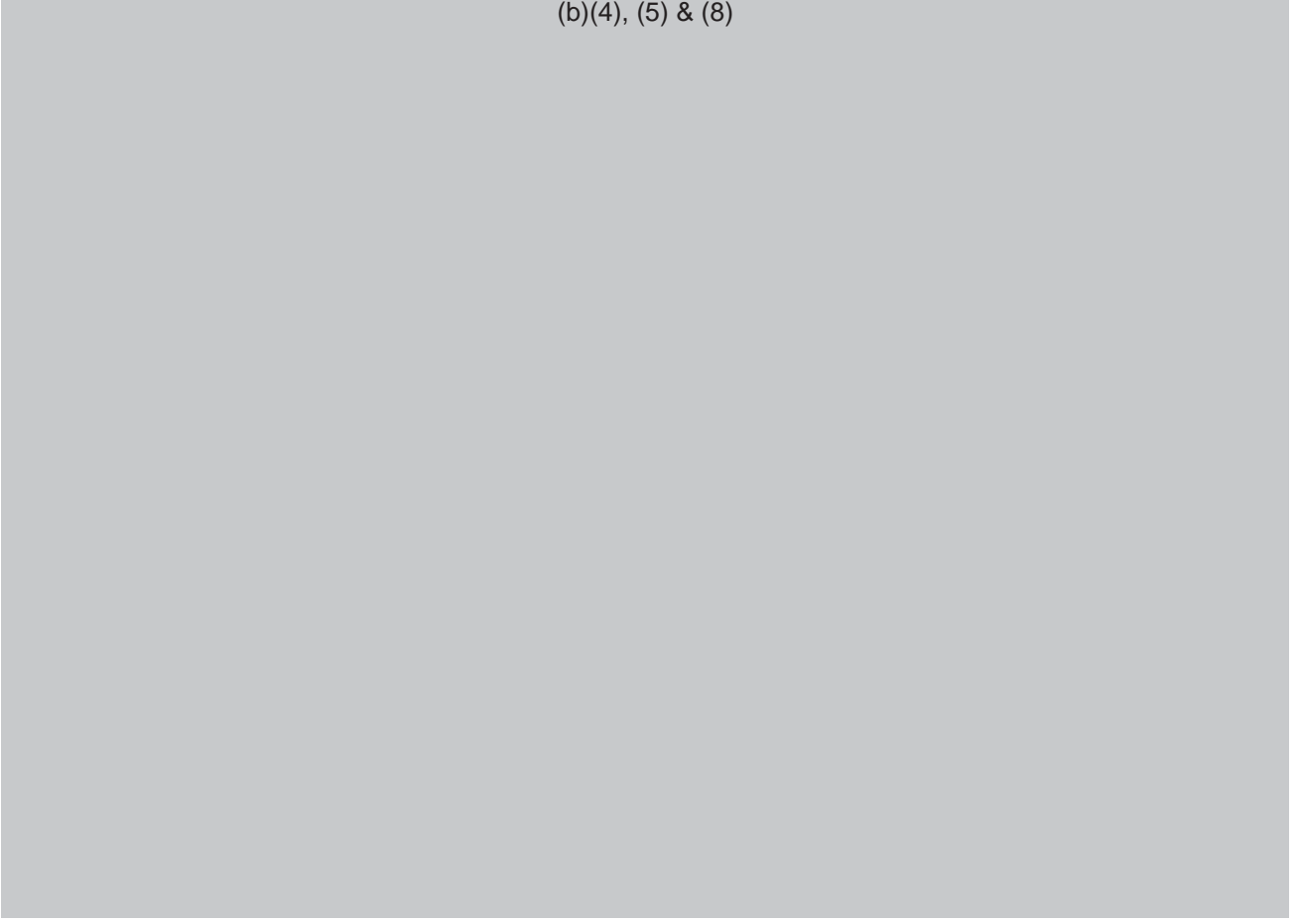
(b)(4), (5) & (8)



(b)(4), (5) & (8)



(b)(4), (5) & (8)



(b)(4)



From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:43 PM
To: Jessica Stahl; Jacob Gramlich
Cc: Dean Amel
Subject: RE: CIT archives - Restricted FR -FRSONLY-
Attachments: [CIT Bullets.docx](#); [Quarterly Risk Review 03.09 FINAL.pdf](#)

Restricted FR

(b)(5)

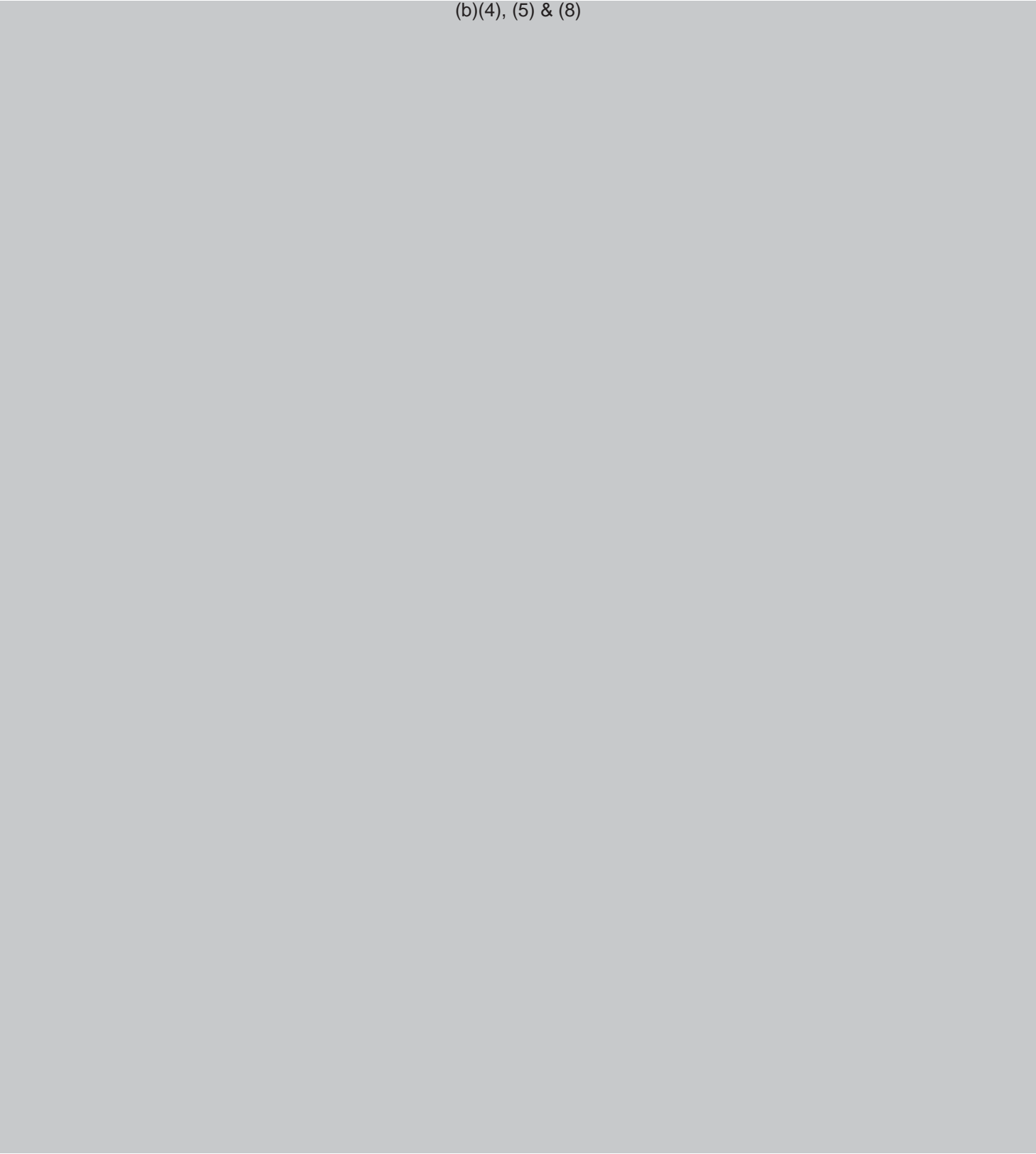
From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:38 PM
To: Jessica Stahl; Jacob Gramlich (Jacob.P.Gramlich@frb.gov)
Cc: Dean Amel
Subject: CIT archives - Restricted FR -FRSONLY-

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 1:40pm (above)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF BANKING SUPERVISION AND REGULATION

(b)(4), (5) & (8)



(b)(4)

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(b)(4)

A large, solid gray rectangular redaction box covers the majority of the page, obscuring all content except for the text at the top and the text "(b)(4)" at the bottom. The box is centered horizontally and vertically on the page.

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(b)(4)

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(b)(4)

A large, solid gray rectangular redaction box covers the majority of the page, obscuring all content except for the text "(b)(4)" at the top center and the text "b6" and "b7C" at the bottom right. The box is bordered by a thin blue line on the left and right sides.

b6
b7C

(b)(4)



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(b)(4)

(b)(4)

From: [Richard Naylor](#)
To: [Celeste Molleur](#); [Ryan Lordos](#)
Cc: [Michael Lipman](#)
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-
Date: Monday, June 30, 2014 2:34:47 PM

Ok great. I wouldn't worry about any briefing material for Scott. Most likely Rodgin will do all the talking and this is an info gathering session only. Thanks.

From: Celeste Molleur
Sent: Monday, June 30, 2014 2:34 PM
To: Richard Naylor; Ryan Lordos
Cc: Michael Lipman
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

Sexton and Jevon are on the invite. I will attend and I believe Mike was planning on attending. Just wanted you to be aware...the process is heating up. Will let you know what transpires.

From: Richard Naylor
Sent: Monday, June 30, 2014 2:33 PM
To: Celeste Molleur; Ryan Lordos
Cc: Michael Lipman
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

Who is Valerie Delaney? You or Michael should plan on attending...let Sexton know.

From: Celeste Molleur
Sent: Monday, June 30, 2014 2:28 PM
To: Richard Naylor; Ryan Lordos
Cc: Michael Lipman
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

Mike forwarded this invite to me and I realized you aren't anywhere on the communication string. (b)(5)

We haven't, to my knowledge, heard anything from Scott's side other than Mike being on the email distribution.

-----Original Appointment-----

From: Valerie Delaney
Sent: Monday, June 30, 2014 11:26 AM
To: Valerie Delaney; Celeste Molleur; Jevon Gordon; Michael Lipman; Katie Cox; Scott Alvarez; Alison Thro
Cc: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day
Subject: FW: Rodgin Cohen to discuss merger CIT with One West
When: Tuesday, July 01, 2014 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: B-4001

-----Original Appointment-----

From: Valerie Delaney

Sent: Monday, June 30, 2014 11:04 AM

To: Valerie Delaney; Jevon Gordon; Michael Lipman; Katie Cox; Scott Alvarez; Alison Thro

Cc: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day

Subject: FW: Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: B-4001

Hope you all can make this meeting. I plan to go.

-----Original Appointment-----

From: Valerie Delaney

Sent: Monday, June 30, 2014 10:58 AM

To: Valerie Delaney; Katie Cox; Scott Alvarez; Alison Thro

Cc: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day

Subject: FW: Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: B-4001

-----Original Appointment-----

From: Valerie Delaney

Sent: Wednesday, June 25, 2014 12:35 PM

To: Valerie Delaney; Scott Alvarez; Alison Thro

Cc: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day

Subject: Rodgin Cohen to discuss merger CIT with One West

When: Tuesday, July 01, 2014 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: B-4001

From: [Michael Lipman](#)
To: [Celeste Molleur](#); [Jevon Gordon](#); [Katie Cox](#)
Subject: FW: Brief Overview of CIT -FRSONLY-
Date: Monday, June 30, 2014 3:46:48 PM
Attachments: [CIT Group Background Info for June 30th meeting.docx](#)

Attached is a brief outline from the CPC team in preparation for today's FRBNY meeting.

(b)(5)

From: Andre Quezada (FRS)
Sent: Monday, June 30, 2014 3:37 PM
To: Michael Lipman
Subject: Brief Overview of CIT -FRSONLY-

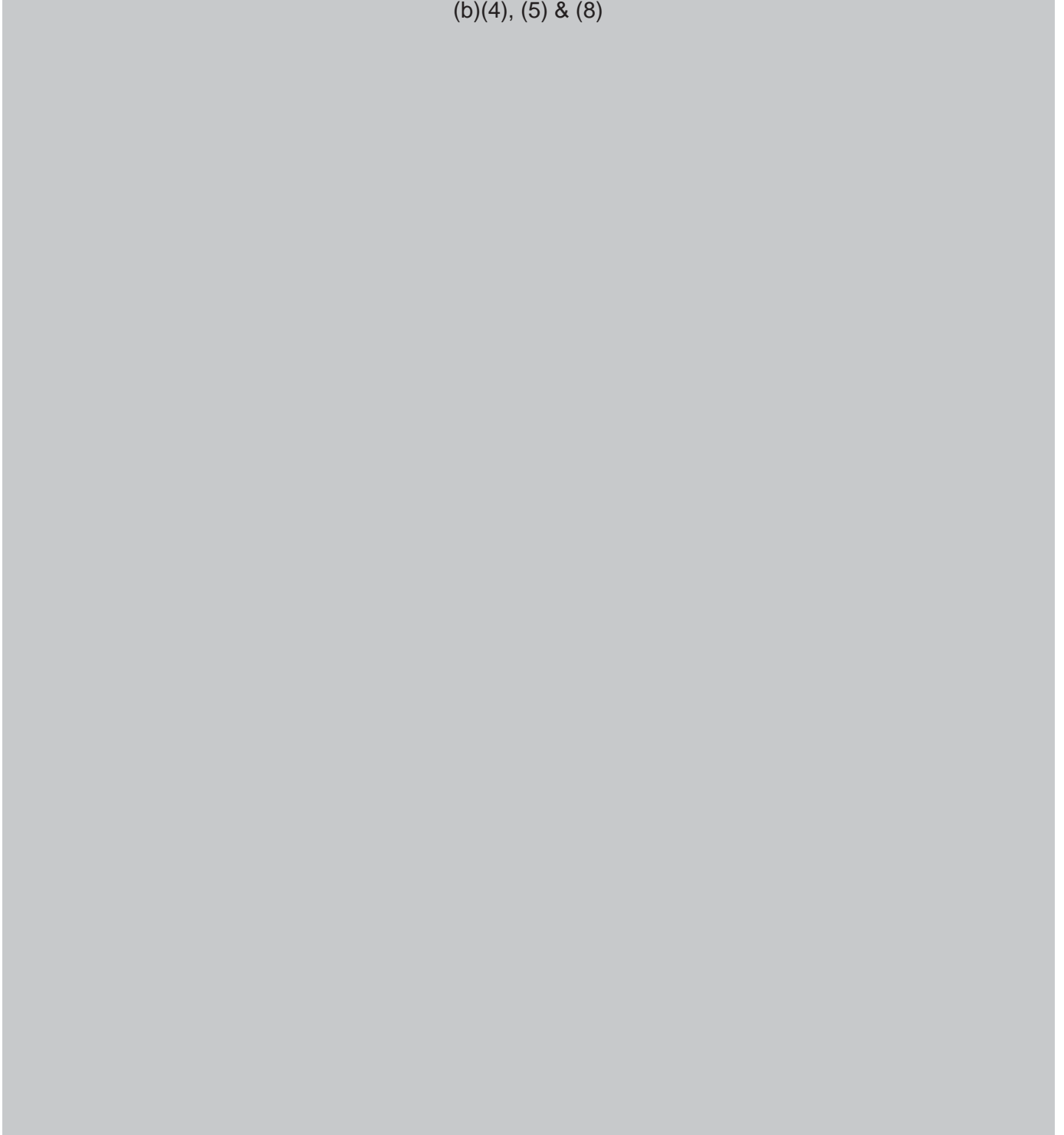
Hey Mike this is the two pager Jim had put together for those attending the meeting today as John had promised.

Andre Quezada
LBO On-Site CPC Team – CIT Group Inc.
Credit Risk Coordinator
Fed Office – (212)720-2182
Blackberry – (b)(6)
Midtown Office – (212)461-5711


Restricted FR

John Thain, Chairman and CEO of CIT Group (CIT) and his senior management team will be meeting with us on Monday, June 30th at 11am, at their request, to discuss upcoming acquisition plans primarily and matters pertaining to dividends and repurchase plans. It is my understanding that they will send out a presentation prior to the meeting. In the meantime the following will provide some brief background information on the acquisition candidate and CIT.

(b)(4), (5) & (8)



(b)(4), (5) & (8)



Jessica Stahl

From: Jessica Stahl
Sent: Monday, June 30, 2014 4:35 PM
To: Elizabeth Kiser; Jacob Gramlich
Subject: RE: CIT archives - Restricted FR -FRSONLY-

Thanks very much for digging up all of these documents. They were very helpful.

Talk to you tomorrow morning.

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:43 PM
To: Jessica Stahl; Jacob Gramlich
Cc: Dean Amel
Subject: RE: CIT archives - Restricted FR -FRSONLY-

Restricted FR

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 1:43pm (above)

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 1:38 PM
To: Jessica Stahl; Jacob Gramlich (Jacob.P.Gramlich@frb.gov)
Cc: Dean Amel
Subject: CIT archives - Restricted FR -FRSONLY-

Duplicate of the Email Captured in the Email Chain on June 30, 2014 at 1:40pm (above)

Beth Kiser
Assistant Director
Division of Research and Statistics
Federal Reserve Board
20th and C St, NW
Washington, DC 20551
Phone: 202-452-2584
elizabeth.k.kiser@frb.gov

Jessica Stahl

From: Alison Thro
Sent: Monday, June 30, 2014 4:51 PM
To: Elizabeth Kiser
Cc: Jessica Stahl
Subject: RE: Rodgin Cohen meeting -FRSONLY-

Thanks, Beth. I just thought you should receive the invite in case you wanted to attend. We won't be asked to opine. Rodgin is coming in to preview the proposed acquisition because it will be the first transaction to create a more than \$50 billion institution since Dodd-Frank was enacted. --Alison

From: Elizabeth Kiser
Sent: Monday, June 30, 2014 3:39 PM
To: Alison Thro
Cc: Jessica Stahl
Subject: Rodgin Cohen meeting -FRSONLY-

Hi Alison,

Thanks for looping us in on the conversation with Rodgin tomorrow. What do you think the nature of the meeting will be? (b)(5)

Jessica will attend for R&S (I'm hosting visitors from FRBNY at noon tomorrow).

Thanks very much!
Beth

Beth Kiser
Assistant Director
Division of Research and Statistics
Federal Reserve Board
20th and C St, NW
Washington, DC 20551
Phone: 202-452-2584
elizabeth.k.kiser@frb.gov

From: Quezada, Andre
Sent: Tuesday, July 01, 2014 9:17 AM
To: Ricketti, John
Cc: Nobles, Topaz J; Cheatham, James; Adedoyin, Mobolaji
Subject: OneWest Supervisory Information -FRSONLY-
Attachments: Final 2015 IMB HoldCo LLC Supervisory Products, as of 12.31.2013.docx; IMB HoldCo LLC ROI as of 3-31-13 EIC John Dzus.pdf

RESTRICTED FR

Attached is the inspection report for the top tier holding company IMB Holdco LLC (RRSD- 3926314) as of 3/31/2013, in addition they put together a Risk Assessment as of 12/31/2013, which notes the banks ratings and BHC ratings as of year-end.

Andre Quezada
LBO On-Site CPC Team – CIT Group Inc.
Credit Risk Coordinator
Fed Office – (212)720-2182
Blackberry (b)(6)
Midtown Office – (212)461-5711

The attachment "Final 2015 IMB HoldCo LLC Supervisory Products, as of 12.31.2013.docx" (52 pages) and the attachment "IMB HoldCo LLC ROI as of 3-31-13 EIC John Dzus.pdf" (43 pages) have been withheld in full pursuant to exemptions 4 and 8.

From: Hoskins, Gloria
Sent: Tuesday, July 01, 2014 9:32 AM
To: Quezada, Andre
Subject: RE: OneWest Background Information -FRSONLY-
Attachments: OCC 2015 Supervisory Strategy - OneWest Bank.pdf

RESTRICTED FR

The OCC's supervisory plan is not in BOND. This may be helpful. ---gjh

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobil

(b)(6)

| ✉: gloria.hoskins@sf.frb.org

From: Quezada, Andre
Sent: Tuesday, July 01, 2014 6:11 AM
To: Hoskins, Gloria
Subject: RE: OneWest Background Information -FRSONLY-

Thanks Gloria I actually realized that the top tier holding company was IMB Holdco LLC I was able to find the supervisory information on BOND when I got the RSSD for the entity. I was looking in the wrong place initially, thanks again for your prompt response. If there are any specifics that we cannot get from Bond I will contact you again. Thanks.

From: Hoskins, Gloria
Sent: Tuesday, July 01, 2014 8:51 AM
To: Quezada, Andre
Subject: RE: OneWest Background Information -FRSONLY-

Andre,

Sure. Let me know what kind of information that you need. Exam reports, supervisory plans. IMB is a shell and privately held, so there are no public disclosures.

Thanks,
Gloria

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobile

(b)(6)

| ✉: gloria.hoskins@sf.frb.org

From: Quezada, Andre
Sent: Tuesday, July 01, 2014 5:48 AM
To: Hoskins, Gloria
Subject: OneWest Background Information -FRSONLY-

Hi Gloria my name is Andre Quezada and I work in the LBO Group in NY. We are looking to get some information on OneWest, we are aware they are regulated by the OCC, I happen to run across your name in a dividend correspondence that was posted to BOND. Is there any way we can get some regulatory information on OneWest the Bank and Holding Company it would be very useful as there is an apparent merger/acquisition that may take in place in the near future with a firm in our portfolio. My supervisor is James Cheatham and the head of our group is John Ricketti. If you have any questions feel free to call or email or Lync me. Any information you could provide would be very helpful to us in understanding where OneWest stands with regards to regulatory ratings.

Andre Quezada
LBO On-Site CPC Team – CIT Group Inc.
Credit Risk Coordinator
Fed Office – (212)720-2182
Blackberry (b)(6)
Midtown Office – (212)461-5711

1 attachment (totaling 57 pages) withheld pursuant to exemptions 4 and 8



From: Quezada, Andre
Sent: Tuesday, July 01, 2014 9:47 AM
To: Hoskins, Gloria
Subject: RE: OneWest Background Information -FRSONLY-

RESTRICTED FR

It is helpful thank you so much for the document.

From: Hoskins, Gloria
Sent: Tuesday, July 01, 2014 9:32 AM
To: Quezada, Andre
Subject: RE: OneWest Background Information -FRSONLY-

RESTRICTED FR

Duplicate Email included in the Email Chain on July 1, 2014 at 9:32am (above)



From: Quezada, Andre
Sent: Tuesday, July 01, 2014 6:11 AM
To: Hoskins, Gloria
Subject: RE: OneWest Background Information -FRSONLY-

Duplicate Email included in the Email Chain on July 1, 2014 at 9:32am (above)



From: Hoskins, Gloria
Sent: Tuesday, July 01, 2014 8:51 AM
To: Quezada, Andre
Subject: RE: OneWest Background Information -FRSONLY-

Duplicate Email included in the Email Chain on July 1, 2014 at 9:32am (above)



Duplicate Email included in the Email Chain on July 1, 2014 at 9:32am (above)

From: Quezada, Andre
Sent: Tuesday, July 01, 2014 5:48 AM
To: Hoskins, Gloria
Subject: OneWest Background Information -FRSONLY-

Duplicate Email included in the Email Chain on July 1, 2014 at 9:32am (above)

Jessica Stahl

From: Jacob Gramlich
Sent: Tuesday, July 01, 2014 10:06 AM
To: Jessica Stahl
Subject: RE: CIT OneWest pregame

Sure, I don't mind doing that. I just put it here because she had written this in her email:

"Ok, thanks. I have a meeting tomorrow with Robin that should wrap up around 10:45. Could I stop by your office around then?"

From: Jessica Stahl
Sent: Tuesday, July 01, 2014 9:24 AM
To: Jacob Gramlich
Subject: RE: CIT OneWest pregame

How about we go to Beth's office?

-----Original Appointment-----

From: Jacob Gramlich
Sent: Monday, June 30, 2014 12:40 PM
To: Jacob Gramlich; Elizabeth Kiser; Jessica Stahl
Subject: CIT OneWest pregame
When: Tuesday, July 01, 2014 10:45 AM-11:15 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Jake/Jessica's office

From: [Celeste Molleur](#)
To: [Michael Lipman](#)
Subject: RE: Just wanted to confirm who from CIT side will be attending today's noon meeting? -FRSONLY-
Date: Tuesday, July 01, 2014 11:04:09 AM

Okay, then I will attend as well.

From: Michael Lipman
Sent: Tuesday, July 01, 2014 10:00 AM
To: Celeste Molleur
Subject: FW: Just wanted to confirm who from CIT side will be attending today's noon meeting? -FRSONLY-

It's the whole shebang to confirm. See below.

From: Valerie Delaney
Sent: Tuesday, July 01, 2014 9:59 AM
To: Michael Lipman
Subject: RE: Just wanted to confirm who from CIT side will be attending today's noon meeting? -FRSONLY-

The Chairman and CEO of CIT and 6 other guests; 3 from One West; 1 from Wachtell, Lipton, Rosen & Katz and 2 from Sullivan and Cromwell. Total of 13 outsiders

Valerie Delaney
Gate Keeper to the General Counsel
Scott G. Alvarez
Legal Division
Board of Governors of the Federal Reserve System
(202) 736-5560 (office)
(b)(6) (blackberry)
(202) 452-3101 (facsimile)
valerie.delaney@frb.gov

From: Michael Lipman
Sent: Tuesday, July 01, 2014 9:53 AM
To: Valerie Delaney
Subject: Just wanted to confirm who from CIT side will be attending today's noon meeting? -FRSONLY-

Just Rodge Cohen (representing CIT) or are there members of the executive team (John Thain or Scott Parker)?

Michael Lipman
Banking Supervision and Regulation
Federal Reserve Board of Governors

(202) 912-4605

(b)(6) (Cell)

Jessica Stahl

Subject: Rodgin Cohen to discuss merger CIT with One West

Location: B-4001

Start: Tue 7/1/2014 12:00 PM

End: Tue 7/1/2014 1:00 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Valerie Delaney

Required Attendees: Scott Alvarez; Alison Thro

Optional Attendees: Michael Sexton; Jacob Gramlich; Jessica Stahl; Melissa Vanouse; Phyllis Harwell; Kathleen O'Day

Alison Thro

From: Alison Thro
Sent: Tuesday, July 01, 2014 1:02 PM
To: Ivan Hurwitz (FRS); Michael Sexton
Cc: Katie Cox; Brian Steffey (FRS)
Subject: RE: CIT/OneWest -FRSONLY-

We just met with them. If we can arrange it, a chat would be good. Thanks.

From: Ivan Hurwitz (FRS)
Sent: Tuesday, July 01, 2014 12:40 PM
To: Michael Sexton; Alison Thro
Cc: Katie Cox; Brian Steffey (FRS)
Subject: CIT/OneWest -FRSONLY-

RESTRICTED FR

We met with CIT yesterday to discuss their proposed acquisition of OneWest, and they mentioned they'll be meeting with Board staff today. Assuming you'll be at the meeting, would you like to chat sometime afterwards and compare notes?

Alison Thro

From: Ivan Hurwitz (FRS)
Sent: Tuesday, July 01, 2014 2:23 PM
To: Katie Cox; Alison Thro
Cc: Brian Steffey (FRS); Nancy Schnabel (FRS)
Subject: RE: CIT/OneWest -FRSONLY-

RESTRICTED FR

Ahh, great, Katie, I thought you were already on vacation. It looks like everyone's available at 3:30 – I'll send around an appointment message with a dial-in number – but if that doesn't work, let me know.

From: Katie Cox [mailto:katie.s.cox@frb.gov]
Sent: Tuesday, July 01, 2014 1:37 PM
To: Hurwitz, Ivan; Thro, Alison M (BOARD)
Cc: Steffey, Brian
Subject: RE: CIT/OneWest -FRSONLY-

I have to leave at 4:30 today to catch a flight. Other than that, I'm around.

Katie Cox
Manager, Domestic Banking Acquisitions and Activities
Board of Governors of the Federal Reserve System
Washington, DC 20551
202-452-2721
katie.s.cox@frb.gov

From: Ivan Hurwitz (FRS)
Sent: Tuesday, July 01, 2014 12:40 PM
To: Michael Sexton; Alison Thro
Cc: Katie Cox; Brian Steffey (FRS)
Subject: CIT/OneWest -FRSONLY-

RESTRICTED FR

Duplicate Email Captured in Email Chain from July 1, 2014 at 1:02pm (above)

Alison Thro

-----Original Appointment-----

From: Ivan Hurwitz (FRS)

Sent: Tuesday, July 01, 2014 2:26 PM

To: Ivan Hurwitz (FRS); Nancy Schnabel (FRS); Katie Cox; Alison Thro; Brian Steffey (FRS)

Cc: Michael Sexton

Subject: CIT -FRSONLY-

When: Tuesday, July 01, 2014 3:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Dial in #: (b)(6); Participant Code: (b)(6)

Alison Thro

From: Alison Thro
Sent: Tuesday, July 01, 2014 2:32 PM
To: Ivan Hurwitz (FRS)
Subject: Accepted: CIT -FRSONLY-

Alison Thro

From: Alison Thro
Sent: Tuesday, July 01, 2014 2:33 PM
To: Ivan Hurwitz (FRS); Katie Cox
Cc: Brian Steffey (FRS); Nancy Schnabel (FRS)
Subject: RE: CIT/OneWest -FRSONLY-

I'm home with a (b)(6). I will try to call in if I can. Thanks.

From: Ivan Hurwitz (FRS)
Sent: Tuesday, July 01, 2014 2:23 PM
To: Katie Cox; Alison Thro
Cc: Brian Steffey (FRS); Nancy Schnabel (FRS)
Subject: RE: CIT/OneWest -FRSONLY-

RESTRICTED FR

Ahh, great, Katie, I thought you were already on vacation. It looks like everyone's available at 3:30 – I'll send around an appointment message with a dial-in number – but if that doesn't work, let me know.

From: Katie Cox [<mailto:katie.s.cox@frb.gov>]
Sent: Tuesday, July 01, 2014 1:37 PM
To: Hurwitz, Ivan; Thro, Alison M (BOARD)
Cc: Steffey, Brian
Subject: RE: CIT/OneWest -FRSONLY-

I have to leave at 4:30 today to catch a flight. Other than that, I'm around.

Katie Cox
Manager, Domestic Banking Acquisitions and Activities
Board of Governors of the Federal Reserve System
Washington, DC 20551
202-452-2721
katie.s.cox@frb.gov

From: Ivan Hurwitz (FRS)
Sent: Tuesday, July 01, 2014 12:40 PM
To: Michael Sexton; Alison Thro
Cc: Katie Cox; Brian Steffey (FRS)
Subject: CIT/OneWest -FRSONLY-

RESTRICTED FR

Duplicate Email Captured in Email Chain from July 1, 2014 at 1:02pm (above)



From: [Jacob Gramlich](#)
To: [Elizabeth Kiser](#)
Cc: [Jessica Stahl](#)
Subject: update on meetings
Date: Tuesday, July 01, 2014 3:05:00 PM

Beth,

Not Responsive - Does not concern CIT-OneWest application; also (b)(5)

The meeting with Rodgin Cohen and CIT/OneWest executives was quite interesting, as well. I didn't catch you in the break at the workshop and am heading out now, but I could give you a more thorough read out tomorrow (or I'm sure Jessica could, as well).

Great workshop lineup!

Not Responsive - Does not concern CIT-OneWest application; also (b)(5)

Thanks,
Jake

Jacob Gramlich
Economist
Federal Reserve Board of Governors
<http://www.federalreserve.gov/econresdata/jacob-p-gramlich.htm>

From: Hurwitz, Ivan
Sent: Tuesday, July 01, 2014 6:07 PM
To: Tsai, Gerald
Subject: RE: OneWest -FRSONLY-

RESTRICTED FR

(b)(5) & (b)(8)

From: Tsai, Gerald
Sent: Tuesday, July 01, 2014 4:58 PM
To: Hurwitz, Ivan
Cc: Steffey, Brian; Bae, Philip
Subject: Re: OneWest -FRSONLY-

Thanks, Ivan.

I hadn't heard about this but will reach out to our exam folks and see if they have any other info.

Yes, we approved IMB's conversion to a BHC earlier this year (b)(5) & (b)(8)

Best,

Gerry

From: Hurwitz, Ivan
Sent: Tuesday, July 01, 2014 01:55 PM
To: Tsai, Gerald
Cc: Steffey, Brian; Bae, Philip
Subject: OneWest -FRSONLY-

RESTRICTED FR

Hi Gerry,

As an fyi, we wanted to let you know that we met with CIT Group yesterday to discuss their proposed acquisition of OneWest. They expect to sign a deal within the next few weeks and then announce the deal and file an application. We understand that FRBSF recently approved a 3a1 application in connection with OneWest's conversion from a thrift to a bank, so we'll likely be calling on you and your colleagues to learn more about OneWest once we start the application process.

-Ivan

From: [Phyllis Harwell](#)
To: [Melissa Vanouse](#)
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-
Date: Wednesday, July 2, 2014 12:53:00 PM

Very interesting – let's try to catch up tomorrow. Thanks!

From: Melissa Vanouse
Sent: Wednesday, July 02, 2014 12:51 PM
To: Phyllis Harwell
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

FYI; they plan to file for this transaction, (b)(5)
They provided a hand-out powerpoint that I can share with you, if you're interested.
(b)(4) & (b)(5)
.

We can discuss more if you'd like.

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov
Tel: 202.452.3488
Mobile: (b)(6)

From: Phyllis Harwell
Sent: Monday, June 30, 2014 2:52 PM
To: Melissa Vanouse
Subject: RE: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

I am not planning to attend.

From: Melissa Vanouse
Sent: Monday, June 30, 2014 2:12 PM
To: Phyllis Harwell
Subject: Rodgin Cohen to discuss merger CIT with One West -FRSONLY-

Hi Phyllis,

I see that you are on the invitee list for tomorrow's meeting regarding the merger of CIT with One West. Are you planning to attend?

I was planning to attend, as well.

Thanks,
Melissa

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov

Tel: 202.452.3488

Mobile: (b)(6)

Jessica Stahl

From: Jessica Stahl
Sent: Wednesday, July 02, 2014 1:27 PM
To: Jacob Gramlich
Subject: RE: Readout of Meeting on Proposed Merger between CIT and OneWest

Thanks Jake. I was meaning to do this but got bogged down with other stuff, so thanks for taking the initiative. I will see if I have anything to add from my own notes. I kind of doubt anyone will act on that last line, but for what it's worth, my hand-written notes are no more thorough than this. (Are yours??? If so, you should be a stenographer in your free time... Actually I guess that's not really a profession anymore, is it?)

From: Jacob Gramlich
Sent: Wednesday, July 02, 2014 12:52 PM
To: Jessica Stahl
Subject: Readout of Meeting on Proposed Merger between CIT and OneWest

Jessica,

Can you edit/add to the below? I'm going to send it to Beth (and maybe cc Dean and Andrew) since she seemed to want to be there and also wanted to move towards better record keeping.

If you want to track changes you can dump it into Word, but you can also just change it untracked in email.

Note that the last line commits you to something you may not want me to commit you to ;)

Thanks,
Jake

Readout of Meeting on Proposed Merger between CIT and OneWest
Tue 7/1/2014 12p-1p, B-4001
Outside Attendees: ~13

- Executives from CIT (~7-8) included CEO John Thain, formerly CEO of Merrill Lynch
- Executives from OneWest (~3) included CEO
- Lawyers (~2-3) included Rodgin Cohen (Sullivan Cromwell) and a Wachtell Lipton lawyer

Board Attendees: ~10-12

- Scott Alvarez who did most of the talking
- From FSR: Jake Gramlich Jessica Stahl

(b)(5) & (8)



Jake and Jessica have **pitch books** and slightly more detailed (hand-written) notes

Jacob Gramlich
Economist
Federal Reserve Board of Governors
<http://www.federalreserve.gov/econresdata/jacob-p-gramlich.htm>

Jessica Stahl

From: Jessica Stahl
Sent: Wednesday, July 02, 2014 2:25 PM
To: Jacob Gramlich
Subject: RE: Readout of Meeting on Proposed Merger between CIT and OneWest
Attachments: [CIT_OneWest_Meeting.docx](#)

My additions are attached. Thanks again.

From: Jacob Gramlich
Sent: Wednesday, July 02, 2014 12:52 PM
To: Jessica Stahl
Subject: Readout of Meeting on Proposed Merger between CIT and OneWest

Duplicate Email included in the Email Chain on July 2, 2014 at 1:27pm (above)

Duplicate Email included in the Email Chain on July 2, 2014 at 1:27pm (above)

Readout of Meeting on Proposed Merger between CIT and OneWest

Tue 7/1/2014 12p-1p, B-4001

Outside Attenders: ~13

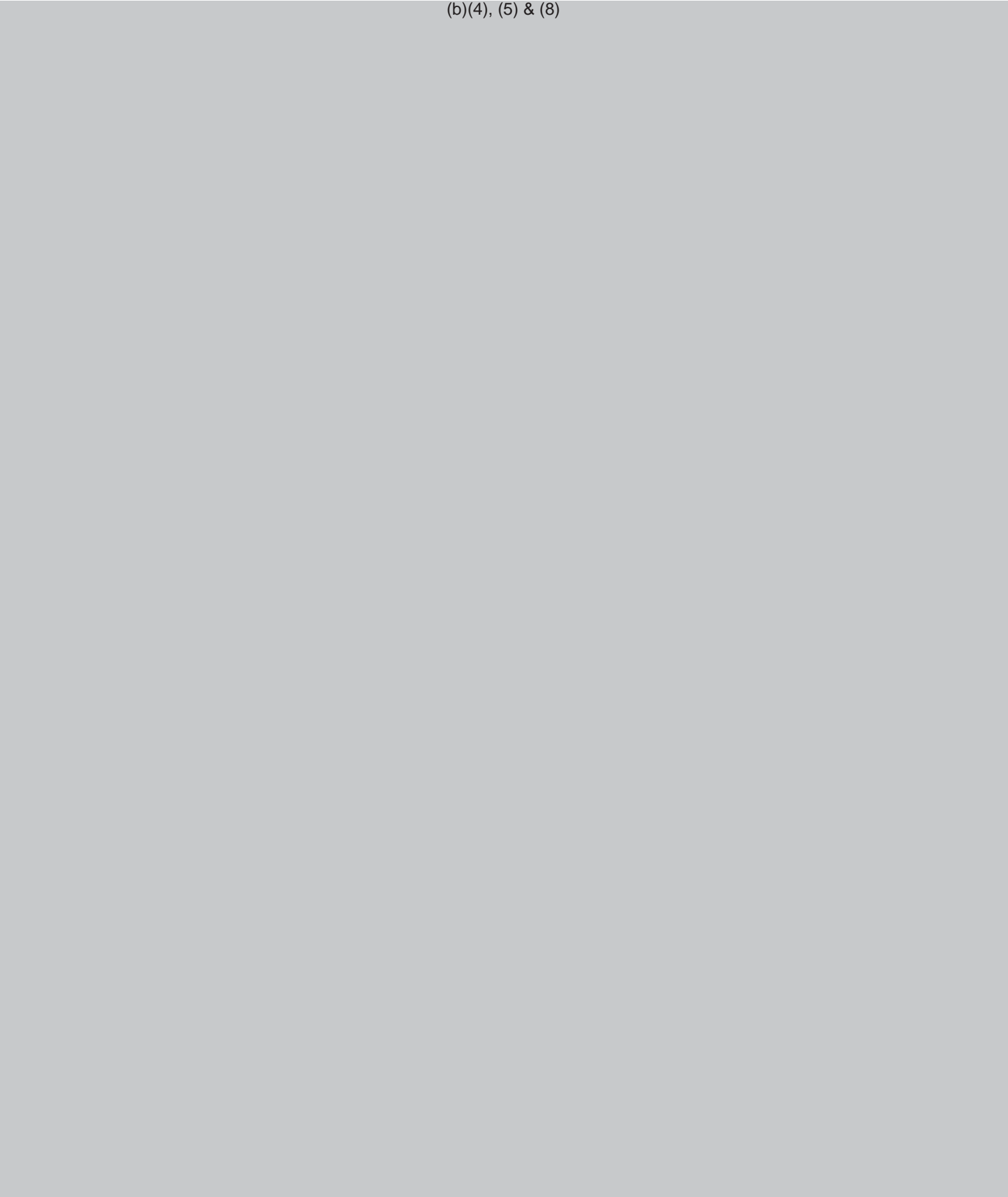
- Executives from CIT (~7-8) included CEO John Thain, formerly CEO of Merrill Lynch
- Executives from OneWest (~3) included CEO
- Lawyers (~2-3) included Rodgin Cohen (Sullivan Cromwell) and a Wachtell Lipton lawyer

Board Attenders: ~10-12

- Scott Alvarez who did most of the talking
- From FSR: Jake Gramlich, Jessica Stahl

(b)(4), (5) & (8)

(b)(4), (5) & (8)



From: [Jonathan Mueller](#)
To: [Michael Lipman](#)
Subject: FW: OneWest -FRSONLY-
Date: Wednesday, July 02, 2014 2:39:09 PM

Mike

Please let me know what you hear on this proposed acquisition.

Thanks

Jonathan Mueller, CFA
Supervisory Financial Analyst
Division of Banking Supervision and Regulation
Office: 202.530.6291
Blackberry: (b)(6)

From: Rebecca Fiorito
Sent: Wednesday, July 02, 2014 1:59 PM
To: Jonathan Mueller
Subject: FW: OneWest -FRSONLY-

Just so you know Gloria will be reaching out to you if things transpire on this.

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) 6 | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Wednesday, July 02, 2014 11:46 AM
To: Rebecca Fiorito
Subject: RE: OneWest -FRSONLY-

RESTRICTED FR

I do not want to get too ahead of myself on this. Just wanted to make you aware.

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | ☎: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: Hoskins, Gloria
Sent: Wednesday, July 02, 2014 8:45 AM
To: Fiorito, Rebecca (Board)
Subject: RE: OneWest -FRSONLY-

RESTRICTED FR

(b)(5)

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: Rebecca Fiorito [<mailto:rebecca.fiorito@frb.gov>]
Sent: Wednesday, July 02, 2014 8:43 AM
To: Hoskins, Gloria
Subject: RE: OneWest -FRSONLY-

(b)(5)

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Wednesday, July 02, 2014 11:42 AM
To: Rebecca Fiorito
Subject: RE: OneWest -FRSONLY-

RESTRICTED FR

Not yet. I will forward info as soon as it becomes available. Apparently, CIT management met with FRBNY on Monday.

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: Rebecca Fiorito [<mailto:rebecca.fiorito@frb.gov>]
Sent: Wednesday, July 02, 2014 8:40 AM
To: Hoskins, Gloria
Subject: RE: OneWest -FRSONLY-

Wow, had no idea this was on the table! Interesting. Do you have any other info?

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Wednesday, July 02, 2014 11:38 AM
To: Rebecca Fiorito
Subject: FW: OneWest -FRSONLY-

RESTRICTED FR

OK. This popped up yesterday, and I thought I had copied you. My apologies.

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | ☎: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: Hoskins, Gloria
Sent: Tuesday, July 01, 2014 2:53 PM
To: Tsai, Gerald; Zerbe, Kevin; Kapos, Lee; Johnson, Elisa
Subject: RE: OneWest -FRSONLY-

RESTRICTED FR

I just got off the phone with President Otting. He was at Dulles Airport and wanted to advise me that there was a meeting with board staff today, as well as the OCC – Bill Haas. Apparently, Chairman Steven Mnuchin, President Joseph Otting, and CFO Alesia Haas met with Scott Alvarez and others in WDC to discuss the transaction (b)(5)

(b)(5)

(b)(5)

(b)(5) & (8)

(b)(5)

Thanks,
Gloria

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation

950 South Grand Avenue | Los Angeles, CA 90015 | ☎: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: Tsai, Gerald
Sent: Tuesday, July 01, 2014 2:00 PM
To: Zerbe, Kevin; Kapos, Lee; Hoskins, Gloria; Johnson, Elisa
Subject: Fw: OneWest -FRSONLY-

(b)(5)

Let me know if you have any thoughts or info you think we should share with NY.

Gerry

From: Tsai, Gerald
Sent: Tuesday, July 01, 2014 01:58 PM
To: Hurwitz, Ivan
Cc: Steffey, Brian; Bae, Philip
Subject: Re: OneWest -FRSONLY-

Thanks, Ivan.

Duplicate of the Email Captured in the Email Chain dated July 1, 2014 at 6:07pm (above)

Gerry

From: Hurwitz, Ivan
Sent: Tuesday, July 01, 2014 01:55 PM
To: Tsai, Gerald
Cc: Steffey, Brian; Bae, Philip
Subject: OneWest -FRSONLY-

Duplicate of the Email Captured in the Email Chain dated July 1, 2014 at 6:07pm (above)



Jessica Stahl

From: Elizabeth Kiser
Sent: Wednesday, July 02, 2014 3:18 PM
To: Jacob Gramlich
Cc: Dean Amel; Jessica Stahl
Subject: RE: Readout of Meeting on Proposed Merger between CIT and OneWest -FRSONLY-

Great, thanks very much! It's very helpful to have the record.

Beth

From: Jacob Gramlich
Sent: Wednesday, July 02, 2014 2:32 PM
To: Elizabeth Kiser
Cc: Dean Amel; Jessica Stahl
Subject: Readout of Meeting on Proposed Merger between CIT and OneWest

Beth and Dean,

Jessica and I put together notes from yesterday's meeting (below). There are no action items for FSR that we know of for now, we just wanted you to have this record.

We left Andrew off the cc to keep his email traffic down while he's away.

- Jake (& Jessica)

Readout of Meeting on Proposed Merger between CIT and OneWest

Tue 7/1/2014 12p-1p, B-4001


Outside Attenders: ~13

- Executives from CIT (~7-8) included CEO John Thain, formerly CEO of Merrill Lynch
- Executives from OneWest (~3) included CEO
- Lawyers (~2-3) included Rodgin Cohen (Sullivan Cromwell) and a Wachtell Lipton lawyer

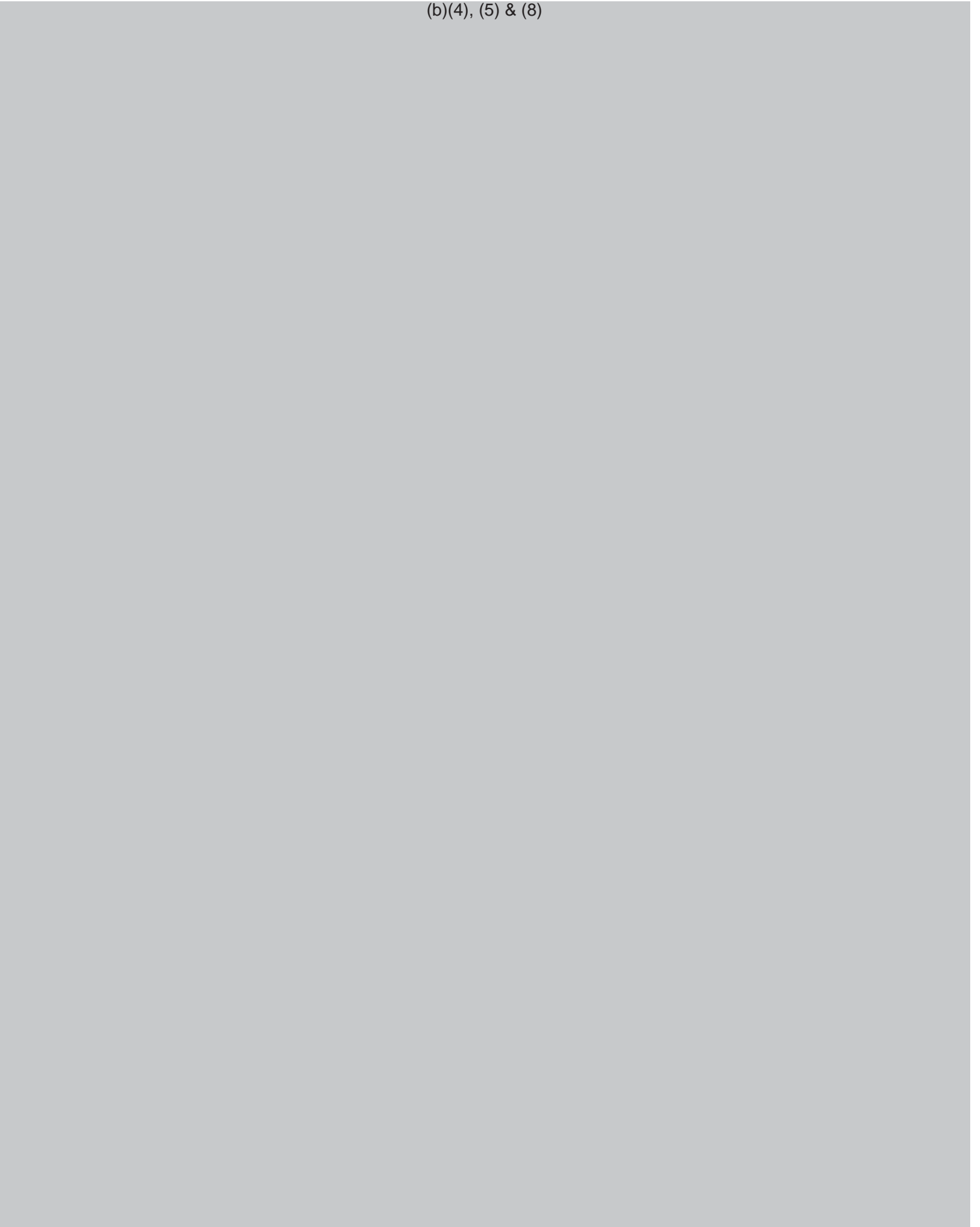
Board Attenders: ~10-12

- Scott Alvarez who (b)(5)
- From FSR: Jake Gramlich, Jessica Stahl


(b)(5) & (8)



(b)(4), (5) & (8)



(b)(4), (5) & (8)



Jake has **pitch books** and slightly more detailed (hand-written) notes

Jacob Gramlich

Economist

Federal Reserve Board of Governors

<http://www.federalreserve.gov/econresdata/jacob-p-gramlich.htm>

Jessica Stahl

From: Elizabeth Kiser
Sent: Wednesday, July 02, 2014 3:19 PM
To: Jacob Gramlich
Cc: Dean Amel; Jessica Stahl
Subject: **Restricted FR** RE: Readout of Meeting on Proposed Merger between CIT and OneWest -FRSONLY-

****Restricted FR****

Btw, I guess we should designate this material as restricted.

Thanks again,
Beth

From: Jacob Gramlich
Sent: Wednesday, July 02, 2014 2:32 PM
To: Elizabeth Kiser
Cc: Dean Amel; Jessica Stahl
Subject: Readout of Meeting on Proposed Merger between CIT and OneWest

Duplicate Email Captured in the Email Chain on July 2, 2014 at 3:18pm (above)



Duplicate Email Captured in the Email Chain on July 2, 2014 at 3:18pm (above)

Duplicate Email Captured in the Email Chain on July 2, 2014 at 3:18pm (above)

From: Michael Lipman
Sent: Wednesday, July 09, 2014 3:28 PM
To: Jevon Gordon
Cc: Celeste Molleur
Subject: Carbon / Oxygen Follow-Up Requests -FRSONLY-
Attachments: [10a. First Federal Bank P&A and Loss Share.pdf](#)
[10b. La Jolla P&A and Loss Share.pdf](#)
[10c. 65 - IndyMac Group 5 Shared Loss Agreement.pdf](#)
[10d. 45 - Term Sheet for Shared-Loss and Participation Interest in Unfunded Commitments of Reverse Mortgage Loans.pdf](#)
[Reg Updates for SIFIs over 50bn 070814 v3.pptx](#)

In preparation.

Celeste, let me know if you prefer not to receive this level of detail.

From: Topaz J Nobles (FRS)
Sent: Wednesday, July 09, 2014 3:24 PM
To: Ivan Hurwitz (FRS); Michael Lipman
Subject: FW: Carbon / Oxygen Follow-Up Requests

Attached please find additional detail pertaining to CIT's Carbon/Oxygen presentation to the Federal Reserve. We will ensure you are cc'd on further correspondence.

From: Quezada, Andre
Sent: Wednesday, July 09, 2014 2:51 PM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J
Subject: FW: Carbon / Oxygen Follow-Up Requests

Attached are the FDIC loss share agreements for First Federal, La Jolla and IndyMac (both Group 5 and Reverse mortgage portfolios).

PURCHASE AND ASSUMPTION AGREEMENT

WHOLE BANK

ALL DEPOSITS

AMONG

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF FIRST FEDERAL BANK OF CALIFORNIA, A FEDERAL SAVINGS
BANK,
SANTA MONICA, CALIFORNIA**

FEDERAL DEPOSIT INSURANCE CORPORATION

and

ONEWEST BANK, FSB

DATED AS OF

DECEMBER 18, 2009

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PURCHASE AND ASSUMPTION AGREEMENT

WHOLE BANK

ALL DEPOSITS

THIS AGREEMENT, made and entered into as of the 18th day of December, 2009, by and among the **FEDERAL DEPOSIT INSURANCE CORPORATION, RECEIVER of FIRST FEDERAL BANK OF CALIFORNIA, A FEDERAL SAVINGS BANK, SANTA MONICA, CALIFORNIA** (the "Receiver"), **ONEWEST BANK, FSB**, organized under the laws of the United States of America, and having its principal place of business in **PASADENA, CALIFORNIA** (the "Assuming Bank"), and the **FEDERAL DEPOSIT INSURANCE CORPORATION**, organized under the laws of the United States of America and having its principal office in Washington, D.C., acting in its corporate capacity (the "Corporation").

WITNESSETH:

WHEREAS, on Bank Closing, the Chartering Authority closed **FIRST FEDERAL BANK OF CALIFORNIA, A FEDERAL SAVINGS BANK** (the "Failed Bank") pursuant to applicable law and the Corporation was appointed Receiver thereof; and

WHEREAS, the Assuming Bank desires to purchase certain assets and assume certain deposit and other liabilities of the Failed Bank on the terms and conditions set forth in this Agreement; and

WHEREAS, pursuant to 12 U.S.C. Section 1823(c)(2)(A), the Corporation may provide assistance to the Assuming Bank to facilitate the transactions contemplated by this Agreement, which assistance may include indemnification pursuant to Article XII; and

WHEREAS, the Board of Directors of the Corporation (the "Board") has determined to provide assistance to the Assuming Bank on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Board has determined pursuant to 12 U.S.C. Section 1823(c)(4)(A) that such assistance is necessary to meet the obligation of the Corporation to provide insurance coverage for the insured deposits in the Failed Bank.

NOW THEREFORE, in consideration of the mutual promises herein set forth and other valuable consideration, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings set forth in this Article I, or elsewhere in this Agreement. As used herein, words imparting the singular include the plural and vice versa.

"Accounting Records" means the general ledger and subsidiary ledgers and supporting schedules which support the general ledger balances.

"Acquired Subsidiaries" means Subsidiaries of the Failed Bank acquired pursuant to Section 3.1.

"Affiliate" of any Person means any director, officer, or employee of that Person and any other Person (i) who is directly or indirectly controlling, or controlled by, or under direct or indirect common control with, such Person, or (ii) who is an affiliate of such Person as the term "affiliate" is defined in Section 2 of the Bank Holding Company Act of 1956, as amended, 12 U.S.C. Section 1841.

"Agreement" means this Purchase and Assumption Agreement by and among the Assuming Bank, the Corporation and the Receiver, as amended or otherwise modified from time to time.

"Assets" means all assets of the Failed Bank purchased pursuant to Section 3.1. Assets owned by Subsidiaries of the Failed Bank are not "Assets" within the meaning of this definition.

"Assumed Deposits" means Deposits.

"Bank Closing" means the close of business of the Failed Bank on the date on which the Chartering Authority closed such institution.

"Bank Premises" means the banking houses, drive-in banking facilities, and teller facilities (staffed or automated) together with adjacent parking, storage and service facilities and structures connecting remote facilities to banking houses, and land on which the foregoing are located, and unimproved land that are owned or leased by the Failed Bank and that have formerly been utilized, are currently utilized, or are intended to be utilized in the future by the Failed Bank as shown on the Accounting Records of the Failed Bank as of Bank Closing.

"Bid Valuation Date" means September 25, 2009.

"Book Value" means, with respect to any Asset and any Liability Assumed, the dollar amount thereof stated on the Accounting Records of the Failed Bank. The Book Value of any item shall be determined as of Bank Closing after adjustments made by the Receiver for differences in accounts, suspense items, unposted debits and credits, and other similar

adjustments or corrections and for setoffs, whether voluntary or involuntary. The Book Value of a Subsidiary of the Failed Bank acquired by the Assuming Bank shall be determined from the investment in subsidiary and related accounts on the "bank only" (unconsolidated) balance sheet of the Failed Bank based on the equity method of accounting. Without limiting the generality of the foregoing, (i) the Book Value of a Liability Assumed shall include all accrued and unpaid interest thereon as of Bank Closing, and (ii) the Book Value of a Loan shall reflect adjustments for earned interest, or unearned interest (as it relates to the "rule of 78s" or add-on-interest loans, as applicable), if any, as of Bank Closing, adjustments for the portion of earned or unearned loan-related credit life and/or disability insurance premiums, if any, attributable to the Failed Bank as of Bank Closing, and adjustments for Failed Bank Advances, if any, in each case as determined for financial reporting purposes. The Book Value of an Asset shall not include any adjustment for loan premiums, discounts or any related deferred income, fees or expenses, or general or specific reserves on the Accounting Records of the Failed Bank.

"Business Day" means a day other than a Saturday, Sunday, Federal legal holiday or legal holiday under the laws of the State where the Failed Bank is located, or a day on which the principal office of the Corporation is closed.

"Chartering Authority" means (i) with respect to a national bank, the Office of the Comptroller of the Currency, (ii) with respect to a Federal savings association or savings bank, the Office of Thrift Supervision, (iii) with respect to a bank or savings institution chartered by a State, the agency of such State charged with primary responsibility for regulating and/or closing banks or savings institutions, as the case may be, (iv) the Corporation in accordance with 12 U.S.C. Section 1821(c), with regard to self appointment, or (v) the appropriate Federal banking agency in accordance with 12 U.S.C. 1821(c)(9).

"Commitment" means the unfunded portion of a line of credit or other commitment reflected on the books and records of the Failed Bank to make an extension of credit (or additional advances with respect to a Loan) that was legally binding on the Failed Bank as of Bank Closing, other than extensions of credit pursuant to the credit card business and overdraft protection plans of the Failed Bank, if any.

"Credit Documents" mean the agreements, instruments, certificates or other documents at any time evidencing or otherwise relating to, governing or executed in connection with or as security for, a Loan, including without limitation notes, bonds, loan agreements, letter of credit applications, lease financing contracts, banker's acceptances, drafts, interest protection agreements, currency exchange agreements, repurchase agreements, reverse repurchase agreements, guarantees, deeds of trust, mortgages, assignments, security agreements, pledges, subordination or priority agreements, lien priority agreements, undertakings, security instruments, certificates, documents, legal opinions, participation agreements and intercreditor agreements, and all amendments, modifications, renewals, extensions, rearrangements, and substitutions with respect to any of the foregoing.

"Credit File" means all Credit Documents and all other credit, collateral, or insurance documents in the possession or custody of the Assuming Bank, or any of its

Subsidiaries or Affiliates, relating to an Asset or a Loan included in a Put Notice, or copies of any thereof.

"Data Processing Lease" means any lease or licensing agreement, binding on the Failed Bank as of Bank Closing, the subject of which is data processing equipment or computer hardware or software used in connection with data processing activities. A lease or licensing agreement for computer software used in connection with data processing activities shall constitute a Data Processing Lease regardless of whether such lease or licensing agreement also covers data processing equipment.

"Deposit" means a deposit as defined in 12 U.S.C. Section 1813(l), including without limitation, outstanding cashier's checks and other official checks and all uncollected items included in the depositors' balances and credited on the books and records of the Failed Bank; provided, that the term "Deposit" shall not include all or any portion of those deposit balances which, in the discretion of the Receiver or the Corporation, (i) may be required to satisfy it for any liquidated or contingent liability of any depositor arising from an unauthorized or unlawful transaction, or (ii) may be needed to provide payment of any liability of any depositor to the Failed Bank or the Receiver, including the liability of any depositor as a director or officer of the Failed Bank, whether or not the amount of the liability is or can be determined as of Bank Closing.

"Deposit Secured Loan" means a loan in which the only collateral securing the loan is Assumed Deposits or deposits at other insured depository institutions

"Equity Adjustment" means the dollar amount resulting by subtracting the Book Value, as of Bank Closing, of all Liabilities Assumed under this Agreement by the Assuming Bank from the purchase price, as determined in accordance with this Agreement, as of Bank Closing, of all Assets acquired under this Agreement by the Assuming Bank, which may be a positive or a negative number.

"Failed Bank Advances" means the total sums paid by the Failed Bank to (i) protect its lien position, (ii) pay ad valorem taxes and hazard insurance, and (iii) pay credit life insurance, accident and health insurance, and vendor's single interest insurance.

"Fair Market Value" means (i)(a) "Market Value" as defined in the regulation prescribing the standards for real estate appraisals used in federally related transactions, 12 C.F.R. § 323.2(g), and accordingly shall mean the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;

- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale;

as determined as of Bank Closing by an appraiser chosen by the Assuming Bank from a list of acceptable appraisers provided by the Receiver; any costs and fees associated with such determination shall be shared equally by the Receiver and the Assuming Bank, and (b) which, with respect to Bank Premises (to the extent, if any, that Bank Premises are purchased utilizing this valuation method), shall be determined not later than sixty (60) days after Bank Closing by an appraiser selected by the Receiver and the Assuming Bank within seven (7) days after Bank Closing; or (ii) with respect to property other than Bank Premises purchased utilizing this valuation method, the price therefore as established by the Receiver and agreed to by the Assuming Bank, or in the absence of such agreement, as determined in accordance with clause (i)(a) above.

"First Loss Tranche" means the dollar amount of liability that the Assuming Bank will incur prior to the commencement of loss sharing, which is the sum of (i) the Assuming Bank's asset premium (discount) bid, as reflected on the Assuming Bank's bid form, plus (ii) the Assuming Bank's Deposit premium bid, as reflected on the Assuming Bank's bid form, plus (iii) the Equity Adjustment. The First Loss Tranche may be a positive or negative number.

"Fixtures" means those leasehold improvements, additions, alterations and installations constituting all or a part of Bank Premises and which were acquired, added, built, installed or purchased at the expense of the Failed Bank, regardless of the holder of legal title thereto as of Bank Closing.

"Furniture and Equipment" means the furniture and equipment, other than motor vehicles, leased or owned by the Failed Bank and reflected on the books of the Failed Bank as of Bank Closing and located on or at Bank Premises, including without limitation automated teller machines, carpeting, furniture, office machinery (including personal computers), shelving, office supplies, telephone, surveillance, security systems and artwork. Motor vehicles shall be considered other assets and pass at Book Value. Furniture and equipment located at a storage facility not adjacent to a Bank Premises are excluded from this definition.

"Indemnitees" means, except as provided in paragraph (11) of Section 12.1(b), (i) the Assuming Bank, (ii) the Subsidiaries and Affiliates of the Assuming Bank other than any Subsidiaries or Affiliates of the Failed Bank that are or become Subsidiaries or Affiliates of the Assuming Bank, and (iii) the directors, officers, employees and agents of the Assuming Bank and its Subsidiaries and Affiliates who are not also present or former directors, officers, employees or agents of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank.

"Legal Balance" means the amount of indebtedness legally owed by an Obligor with respect to a Loan, including principal and accrued and unpaid interest, late fees, attorneys' fees and expenses, taxes, insurance premiums, and similar charges, if any.

"Liabilities Assumed" has the meaning provided in Section 2.1.

"Lien" means any mortgage, lien, pledge, charge, assignment for security purposes, security interest, or encumbrance of any kind with respect to an Asset, including any conditional sale agreement or capital lease or other title retention agreement relating to such Asset.

"Loans" means all of the following owed to or held by the Failed Bank as of Bank Closing:

(i) loans (including loans which have been charged off the Accounting Records of the Failed Bank in whole or in part prior to and including the Bid Valuation Date), participation agreements, interests in participations, overdrafts of customers (including but not limited to overdrafts made pursuant to an overdraft protection plan or similar extensions of credit in connection with a deposit account), revolving commercial lines of credit, home equity lines of credit, Commitments, United States and/or State-guaranteed student loans, and lease financing contracts;

(ii) all Liens, rights (including rights of set-off), remedies, powers, privileges, demands, claims, priorities, equities and benefits owned or held by, or accruing or to accrue to or for the benefit of, the holder of the obligations or instruments referred to in clause (i) above, including but not limited to those arising under or based upon Credit Documents, casualty insurance policies and binders, standby letters of credit, mortgagee title insurance policies and binders, payment bonds and performance bonds at any time and from time to time existing with respect to any of the obligations or instruments referred to in clause (i) above; and

(iii) all amendments, modifications, renewals, extensions, refinancings, and refundings of or for any of the foregoing.

"Obligor" means each Person liable for the full or partial payment or performance of any Loan, whether such Person is obligated directly, indirectly, primarily, secondarily, jointly, or severally.

"Other Real Estate" means all interests in real estate (other than Bank Premises and Fixtures), including but not limited to mineral rights, leasehold rights, condominium and cooperative interests, air rights and development rights that are owned by the Failed Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, excluding the Corporation.

"Primary Indemnitor" means any Person (other than the Assuming Bank or any of its Affiliates) who is obligated to indemnify or insure, or otherwise make payments (including payments on account of claims made against) to or on behalf of any Person in connection with the claims covered under Article XII, including without limitation any insurer issuing any directors and officers liability policy or any Person issuing a financial institution bond or banker's blanket bond.

"Proforma" means producing a balance sheet that reflects a reasonably accurate financial statement of the Failed bank through the date of closing. The Proforma financial statements serve as a basis for the opening entries of both the Assuming Bank and the Receiver.

"Put Date" has the meaning provided in Section 3.4.

"Put Notice" has the meaning provided in Section 3.4.

"Qualified Financial Contract" means a qualified financial contract as defined in 12 U.S.C. Section 1821(e)(8)(D).

"Record" means any document, microfiche, microfilm and computer records (including but not limited to magnetic tape, disc storage, card forms and printed copy) of the Failed Bank generated or maintained by the Failed Bank that is owned by or in the possession of the Receiver at Bank Closing.

"Related Liability" with respect to any Asset means any liability existing and reflected on the Accounting Records of the Failed Bank as of Bank Closing for (i) indebtedness secured by mortgages, deeds of trust, chattel mortgages, security interests or other liens on or affecting such Asset, (ii) ad valorem taxes applicable to such Asset, and (iii) any other obligation determined by the Receiver to be directly related to such Asset.

"Related Liability Amount" with respect to any Related Liability on the books of the Assuming Bank, means the amount of such Related Liability as stated on the Accounting Records of the Assuming Bank (as maintained in accordance with generally accepted accounting principles) as of the date as of which the Related Liability Amount is being determined. With respect to a liability that relates to more than one asset, the amount of such Related Liability shall be allocated among such assets for the purpose of determining the Related Liability Amount with respect to any one of such assets. Such allocation shall be made by specific allocation, where determinable, and otherwise shall be pro rata based upon the dollar amount of such assets stated on the Accounting Records of the entity that owns such asset.

"Repurchase Price" means, with respect to any Loan the Book Value, adjusted to reflect changes to Book Value after Bank Closing, plus (i) any advances and interest on such Loan after Bank Closing, minus (ii) the total of amounts received by the Assuming Bank for such Loan, regardless of how applied, after Bank Closing, plus (iii) advances made by Assuming Bank, plus (iv) total disbursements of principal made by Receiver that are not included in the Book Value.

"Safe Deposit Boxes" means the safe deposit boxes of the Failed Bank, if any, including the removable safe deposit boxes and safe deposit stacks in the Failed Bank's vault(s), all rights and benefits under rental agreements with respect to such safe deposit boxes, and all keys and combinations thereto.

"Settlement Date" means the first Business Day immediately prior to the day which is three hundred sixty five (365) days after Bank Closing, or such other date prior thereto as may be agreed upon by the Receiver and the Assuming Bank. The Receiver, in its discretion, may extend the Settlement Date.

"Settlement Interest Rate" means, for the first calendar quarter or portion thereof during which interest accrues, the rate determined by the Receiver to be equal to the equivalent coupon issue yield on twenty-six (26)-week United States Treasury Bills in effect as of Bank Closing as published in The Wall Street Journal; provided, that if no such equivalent coupon issue yield is available as of Bank Closing, the equivalent coupon issue yield for such Treasury Bills most recently published in The Wall Street Journal prior to Bank Closing shall be used. Thereafter, the rate shall be adjusted to the rate determined by the Receiver to be equal to the equivalent coupon issue yield on such Treasury Bills in effect as of the first day of each succeeding calendar quarter during which interest accrues as published in The Wall Street Journal.

"Subsidiary" has the meaning set forth in Section 3(w)(4) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1813(w)(4), as amended.

ARTICLE II ASSUMPTION OF LIABILITIES

2.1 Liabilities Assumed by Assuming Bank. The Assuming Bank expressly assumes at Book Value (subject to adjustment pursuant to Article VIII) and agrees to pay, perform, and discharge all of the following liabilities of the Failed Bank as of Bank Closing, except as otherwise provided in this Agreement (such liabilities referred to as "Liabilities Assumed"):

- (a) Assumed Deposits, except those Deposits specifically listed on Schedule 2.1(a); provided, that as to any Deposits of public money which are Assumed Deposits, the Assuming Bank agrees to properly secure such Deposits with such Assets as appropriate which, prior to Bank Closing, were pledged as security by the Failed Bank, or with assets of the Assuming Bank, if such securing Assets, if any, are insufficient to properly secure such Deposits;
- (b) liabilities for indebtedness secured by mortgages, deeds of trust, chattel mortgages, security interests or other liens on or affecting any Assets, if any; provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the Assets securing such liability as determined by the Receiver;

- (c) borrowings from Federal Reserve Banks and Federal Home Loan Banks, if any, provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the assets securing such liability as determined by the Receiver; and overdrafts, debit balances, service charges, reclamations, and adjustments to accounts with the Federal Reserve Banks as reflected on the books and records of any such Federal Reserve Bank within ninety (90) days after Bank Closing, if any;
- (d) ad valorem taxes applicable to any Asset, if any; provided, that the assumption of any ad valorem taxes pursuant to this paragraph shall be limited to an amount equal to the market value of the Asset to which such taxes apply as determined by the Receiver;
- (e) liabilities, if any, for federal funds purchased, repurchase agreements and overdrafts in accounts maintained with other depository institutions (including any accrued and unpaid interest thereon computed to and including Bank Closing); provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the Assets securing such liability as determined by the Receiver;
- (f) United States Treasury tax and loan note option accounts, if any;
- (g) liabilities for any acceptance or commercial letter of credit (other than "standby letters of credit" as defined in 12 C.F.R. Section 337.2(a)); provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the Assets securing such liability as determined by the Receiver;
- (h) duties and obligations assumed pursuant to this Agreement including without limitation those relating to the Failed Bank's Records, credit card business, overdraft protection plans, safe deposit business, safekeeping business or trust business, if any;
- (i) liabilities, if any, for Commitments;
- (j) liabilities, if any, for amounts owed to any Subsidiary of the Failed Bank acquired under Section 3.1;
- (k) liabilities, if any, with respect to Qualified Financial Contracts;
- (l) duties and obligations under any contract pursuant to which the Failed Bank provides mortgage servicing for others, or mortgage servicing is provided to the Failed Bank by others; and
- (m) all asset-related offensive litigation liabilities and all asset-related defensive litigation liabilities, but only to the extent such liabilities relate

to assets subject to a loss share agreement, and provided that all other defensive litigation and any class actions with respect to credit card business are retained by the Receiver.

Schedule 2.1 attached hereto and incorporated herein sets forth certain categories of Liabilities Assumed and the aggregate Book Value of the Liabilities Assumed in such categories. Such schedule is based upon the best information available to the Receiver and may be adjusted as provided in Article VIII.

2.2 Interest on Deposit Liabilities. The Assuming Bank agrees that, from and after Bank Closing, it will accrue and pay interest on Deposit liabilities assumed pursuant to Section 2.1 at a rate(s) it shall determine; provided, that for non-transaction Deposit liabilities such rate(s) shall not be less than the lowest rate offered by the Assuming Bank to its depositors for non-transaction deposit accounts. The Assuming Bank shall permit each depositor to withdraw, without penalty for early withdrawal, all or any portion of such depositor's Deposit, whether or not the Assuming Bank elects to pay interest in accordance with any deposit agreement formerly existing between the Failed Bank and such depositor; and further provided, that if such Deposit has been pledged to secure an obligation of the depositor or other party, any withdrawal thereof shall be subject to the terms of the agreement governing such pledge. The Assuming Bank shall give notice to such depositors as provided in Section 5.3 of the rate(s) of interest which it has determined to pay and of such withdrawal rights.

2.3 Unclaimed Deposits. Fifteen (15) months following the Bank Closing Date, the Assuming Bank will provide the Receiver a listing of all deposit accounts, including the type of account, not claimed by the depositor. The Receiver will review the list and authorize the Assuming Bank to act on behalf of the Receiver to send a "Final Legal Notice" in a form substantially similar to Exhibit 2.3A to the owner(s) of the unclaimed deposits reminding them of the need to claim or arrange to continue their account(s) with the Assuming Bank. The Assuming Bank will send the "Final Legal Notice" to the depositors within thirty (30) days following notification of the Receiver's authorization. The Assuming Bank will prepare an Affidavit of Mailing and will forward the Affidavit of Mailing to the Receiver after mailing out the "Final Legal Notice" in a form substantially similar to Exhibit 2.3B to the owner(s) of unclaimed deposit accounts.

If, within eighteen (18) months after Bank Closing, any depositor of the Failed Bank does not claim or arrange to continue such depositor's Deposit assumed pursuant to Section 2.1 at the Assuming Bank, the Assuming Bank shall, within fifteen (15) Business Days after the end of such eighteen (18) month period, (i) refund to the Receiver the full amount of each such deposit (without reduction for service charges), (ii) provide to the Receiver a schedule of all such refunded Deposits in such form as may be prescribed by the Receiver, and (iii) assign, transfer, convey, and deliver to the Receiver, all right, title, and interest of the Assuming Bank in and to the Records previously transferred to the Assuming Bank and other records generated or maintained by the Assuming Bank pertaining to such Deposits. During such eighteen (18) month period, at the request of the Receiver, the Assuming Bank promptly shall provide to the Receiver schedules of unclaimed deposits in such form as may be prescribed by the Receiver.

2.4 Employee Plans. Except as provided in Section 4.12, the Assuming Bank shall have no liabilities, obligations or responsibilities under the Failed Bank's health care, bonus, vacation, pension, profit sharing, deferred compensation, 401K or stock purchase plans or similar plans, if any, unless the Receiver and the Assuming Bank agree otherwise subsequent to the date of this Agreement.

ARTICLE III PURCHASE OF ASSETS

3.1 Assets Purchased by Assuming Bank. With the exception of certain assets expressly excluded in Sections 3.5 and 3.6, the Assuming Bank hereby purchases from the Receiver, and the Receiver hereby sells, assigns, transfers, conveys, and delivers to the Assuming Bank, all right, title, and interest of the Receiver in and to all of the assets (real, personal and mixed, wherever located and however acquired) including all subsidiaries, joint ventures, partnerships, and any and all other business combinations or arrangements, whether active, inactive, dissolved or terminated, of the Failed Bank whether or not reflected on the books of the Failed Bank as of Bank Closing. Schedule 3.1 attached hereto and incorporated herein sets forth certain categories of Assets purchased hereunder. Such schedule is based upon the best information available to the Receiver and may be adjusted as provided in Article VIII. Assets are purchased hereunder by the Assuming Bank subject to all liabilities for indebtedness collateralized by Liens affecting such Assets to the extent provided in Section 2.1. Notwithstanding Section 4.8, the Assuming Bank specifically purchases all mortgage servicing rights and obligations of the Failed Bank.

3.2 Asset Purchase Price.

(a) All Assets and assets of the Failed Bank subject to an option to purchase by the Assuming Bank shall be purchased for the amount, or the amount resulting from the method specified for determining the amount, as specified on Schedule 3.2, except as otherwise may be provided herein. Any Asset, asset of the Failed Bank subject to an option to purchase or other asset purchased for which no purchase price is specified on Schedule 3.2 or otherwise herein shall be purchased at its Book Value. Loans or other assets charged off the Accounting Records of the Failed Bank before the Bid Valuation Date shall be purchased at a price of zero.

(b) The purchase price for securities (other than the capital stock of any Acquired Subsidiary and FRB and FHLB stock) purchased under Section 3.1 by the Assuming Bank shall be the market value thereof as of Bank Closing, which market value shall be (i) the market price for each such security quoted at the close of the trading day effective on Bank Closing as published electronically by Bloomberg, L.P., or alternatively, at the discretion of the Receiver, IDC/Financial Times (FT) Interactive Data; (ii) provided, that if such market price is not available for any such security, the Assuming Bank will submit a bid for each such security within three days of notification/bid request by the Receiver (unless a different time period is agreed to by the Assuming Bank and the Receiver) and the Receiver, in its sole discretion will accept or reject each such bid; and (iii) further provided in the absence of an acceptable bid from

the Assuming Bank, each such security shall not pass to the Assuming Bank and shall be deemed to be an excluded asset hereunder.

(c) Qualified Financial Contracts shall be purchased at market value determined in accordance with the terms of Exhibit 3.2(c). Any costs associated with such valuation shall be shared equally by the Receiver and the Assuming Bank.

3.3 Manner of Conveyance; Limited Warranty; Nonrecourse; Etc. THE CONVEYANCE OF ALL ASSETS, INCLUDING REAL AND PERSONAL PROPERTY INTERESTS, PURCHASED BY THE ASSUMING BANK UNDER THIS AGREEMENT SHALL BE MADE, AS NECESSARY, BY RECEIVER'S DEED OR RECEIVER'S BILL OF SALE, "AS IS", "WHERE IS", WITHOUT RECOURSE AND, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, WITHOUT ANY WARRANTIES WHATSOEVER WITH RESPECT TO SUCH ASSETS, EXPRESS OR IMPLIED, WITH RESPECT TO TITLE, ENFORCEABILITY, COLLECTIBILITY, DOCUMENTATION OR FREEDOM FROM LIENS OR ENCUMBRANCES (IN WHOLE OR IN PART), OR ANY OTHER MATTERS.

3.4 Puts of Assets to the Receiver.

(a) **Puts Within 30 Days After Bank Closing.** During the thirty (30)-day period following Bank Closing and only during such period (which thirty (30)-day period may be extended in writing in the sole absolute discretion of the Receiver for any Loan), in accordance with this Section 3.4, the Assuming Bank shall be entitled to require the Receiver to purchase any Deposit Secured Loan transferred to the Assuming Bank pursuant to Section 3.1 which is not fully secured by Assumed Deposits or deposits at other insured depository institutions due to either insufficient Assumed Deposit or deposit collateral or deficient documentation regarding such collateral; provided with regard to any Deposit Secured Loan secured by an Assumed Deposit, no such purchase may be required until any Deposit setoff determination, whether voluntary or involuntary, has been made; and,

at the end of the thirty (30)-day period following Bank Closing and at that time only, in accordance with this Section 3.4, the Assuming Bank shall be entitled to require the Receiver to purchase any remaining overdraft transferred to the Assuming Bank pursuant to 3.1 which both was made after the Bid Valuation Date and was not made pursuant to an overdraft protection plan or similar extension of credit.

Notwithstanding the foregoing, the Assuming Bank shall not have the right to require the Receiver to purchase any Loan if (i) the Obligor with respect to such Loan is an Acquired Subsidiary, or (ii) the Assuming Bank has:

- (A) made any advance in accordance with the terms of a Commitment or otherwise with respect to such Loan;

- (B) taken any action that increased the amount of a Related Liability with respect to such Loan over the amount of such liability immediately prior to the time of such action;
- (C) created or permitted to be created any Lien on such Loan which secures indebtedness for money borrowed or which constitutes a conditional sales agreement, capital lease or other title retention agreement;
- (D) entered into, agreed to make, grant or permit, or made, granted or permitted any modification or amendment to, any waiver or extension with respect to, or any renewal, refinancing or refunding of, such Loan or related Credit Documents or collateral, including, without limitation, any act or omission which diminished such collateral; or
- (E) sold, assigned or transferred all or a portion of such Loan to a third party (whether with or without recourse).

The Assuming Bank shall transfer all such Assets to the Receiver without recourse, and shall indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Bank with respect to any such Asset, as provided in Section 12.4.

(b) **Notices to the Receiver.** In the event that the Assuming Bank elects to require the Receiver to purchase one or more Assets, the Assuming Bank shall deliver to the Receiver a notice (a "Put Notice") which shall include:

- (i) a list of all Assets that the Assuming Bank requires the Receiver to purchase;
- (ii) a list of all Related Liabilities with respect to the Assets identified pursuant to (i) above; and
- (iii) a statement of the estimated Repurchase Price of each Asset identified pursuant to (i) above as of the applicable Put Date.

Such notice shall be in the form prescribed by the Receiver or such other form to which the Receiver shall consent. As provided in Section 9.6, the Assuming Bank shall deliver to the Receiver such documents, Credit Files and such additional information relating to the subject matter of the Put Notice as the Receiver may request and shall provide to the Receiver full access to all other relevant books and records.

(c) **Purchase by Receiver.** The Receiver shall purchase Assets that are specified in the Put Notice and shall assume Related Liabilities with respect to such Assets, and the transfer of such Assets and Related Liabilities shall be effective as of a date determined by the Receiver which date shall not be later than thirty (30) days after receipt by the Receiver of the Put Notice (the "Put Date").

(d) **Purchase Price and Payment Date.** Each Asset purchased by the Receiver pursuant to this Section 3.4 shall be purchased at a price equal to the Repurchase Price of such Asset less the Related Liability Amount applicable to such Asset, in each case determined as of the applicable Put Date. If the difference between such Repurchase Price and such Related Liability Amount is positive, then the Receiver shall pay to the Assuming Bank the amount of such difference; if the difference between such amounts is negative, then the Assuming Bank shall pay to the Receiver the amount of such difference. The Assuming Bank or the Receiver, as the case may be, shall pay the purchase price determined pursuant to this Section 3.4(d) not later than the twentieth (20th) Business Day following the applicable Put Date, together with interest on such amount at the Settlement Interest Rate for the period from and including such Put Date to and including the day preceding the date upon which payment is made.

(e) **Servicing.** The Assuming Bank shall administer and manage any Asset subject to purchase by the Receiver in accordance with usual and prudent banking standards and business practices until such time as such Asset is purchased by the Receiver.

(f) **Reversals.** In the event that the Receiver purchases an Asset (and assumes the Related Liability) that it is not required to purchase pursuant to this Section 3.4, the Assuming Bank shall repurchase such Asset (and assume such Related Liability) from the Receiver at a price computed so as to achieve the same economic result as would apply if the Receiver had never purchased such Asset pursuant to this Section 3.4.

3.5 Assets Not Purchased by Assuming Bank. The Assuming Bank does not purchase, acquire or assume, or (except as otherwise expressly provided in this Agreement) obtain an option to purchase, acquire or assume under this Agreement:

(a) any financial institution bonds, banker's blanket bonds, or public liability, fire, extended coverage insurance policy, bank owned life insurance or any other insurance policy of the Failed Bank, or premium refund, unearned premium derived from cancellation, or any proceeds payable with respect to any of the foregoing;

(b) any interest, right, action, claim, or judgment against (i) any officer, director, employee, accountant, attorney, or any other Person employed or retained by the Failed Bank or any Subsidiary of the Failed Bank on or prior to Bank Closing arising out of any act or omission of such Person in such capacity, (ii) any underwriter of financial institution bonds, banker's blanket bonds or any other insurance policy of the Failed Bank, (iii) any shareholder or holding company of the Failed Bank, or (iv) any other Person whose action or inaction may be related to any loss (exclusive of any loss resulting from such Person's failure to pay on a Loan made by the Failed Bank) incurred by the Failed Bank; provided, that for the purposes hereof, the acts, omissions or other events giving rise to any such claim shall have occurred on or before Bank Closing, regardless of when any such claim is discovered and regardless of whether any such claim is made with respect to a financial institution bond, banker's blanket bond, or any other insurance policy of the Failed Bank in force as of Bank Closing;

(c) prepaid regulatory assessments of the Failed Bank, if any;

(d) legal or equitable interests in tax receivables of the Failed Bank, if any, including any claims arising as a result of the Failed Bank having entered into any agreement or otherwise being joined with another Person with respect to the filing of tax returns or the payment of taxes;

(e) amounts reflected on the Accounting Records of the Failed Bank as of Bank Closing as a general or specific loss reserve or contingency account, if any;

(f) leased or owned Bank Premises and leased or owned Furniture and Equipment and Fixtures and data processing equipment (including hardware and software) located on leased or owned Bank Premises, if any; provided, that the Assuming Bank does obtain an option under Section 4.6, Section 4.7 or Section 4.8, as the case may be, with respect thereto;

(g) owned Bank Premises which the Receiver, in its discretion, determines may contain environmentally hazardous substances;

(h) any "goodwill," as such term is defined in the instructions to the report of condition prepared by banks examined by the Corporation in accordance with 12 C.F.R. Section 304.3, and other intangibles;

(i) any criminal restitution or forfeiture orders issued in favor of the Failed Bank;

(j) reserved;

(k) assets essential to the Receiver in accordance with Section 3.6;

(l) the securities listed on the attached Schedule 3.5(l); and

(m) prepaid accounts associated with any contract or agreement that the Assuming Bank either does not directly assume pursuant to the terms of this Agreement nor has an option to assume under Section 4.8.

3.6 Retention or Repurchase of Assets Essential to Receiver.

(a) The Receiver may refuse to sell to the Assuming Bank, or the Assuming Bank agrees, at the request of the Receiver set forth in a written notice to the Assuming Bank, to assign, transfer, convey, and deliver to the Receiver all of the Assuming Bank's right, title and interest in and to, any Asset or asset essential to the Receiver as determined by the Receiver in its discretion (together with all Credit Documents evidencing or pertaining thereto), which may include any Asset or asset that the Receiver determines to be:

(i) made to an officer, director, or other Person engaging in the affairs of the Failed Bank, its Subsidiaries or Affiliates or any related entities of any of the foregoing;

- (ii) the subject of any investigation relating to any claim with respect to any item described in Section 3.5(a) or (b), or the subject of, or potentially the subject of, any legal proceedings;
- (iii) made to a Person who is an Obligor on a loan owned by the Receiver or the Corporation in its corporate capacity or its capacity as receiver of any institution;
- (iv) secured by collateral which also secures any asset owned by the Receiver; or
- (v) related to any asset of the Failed Bank not purchased by the Assuming Bank under this Article III or any liability of the Failed Bank not assumed by the Assuming Bank under Article II.

(b) Each such Asset or asset purchased by the Receiver shall be purchased at a price equal to the Repurchase Price thereof less the Related Liability Amount with respect to any Related Liabilities related to such Asset or asset, in each case determined as of the date of the notice provided by the Receiver pursuant to Section 3.6(a). The Receiver shall pay the Assuming Bank not later than the twentieth (20th) Business Day following receipt of related Credit Documents and Credit Files together with interest on such amount at the Settlement Interest Rate for the period from and including the date of receipt of such documents to and including the day preceding the day on which payment is made. The Assuming Bank agrees to administer and manage each such Asset or asset in accordance with usual and prudent banking standards and business practices until each such Asset or asset is purchased by the Receiver. All transfers with respect to Asset or assets under this Section 3.6 shall be made as provided in Section 9.6. The Assuming Bank shall transfer all such Asset or assets and Related Liabilities to the Receiver without recourse, and shall indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Bank with respect to any such Asset or asset, as provided in Section 12.4.

ARTICLE IV ASSUMPTION OF CERTAIN DUTIES AND OBLIGATIONS

The Assuming Bank agrees with the Receiver and the Corporation as follows:

4.1 Continuation of Banking Business. For the period commencing the first banking Business Day after Bank Closing and ending no earlier than the first anniversary of Bank Closing, the Assuming Bank will provide full service banking in the trade area of the Failed Bank. Thereafter, the Assuming Bank may cease providing such banking services in the trade area of the Failed Bank, provided the Assuming Bank has received all necessary regulatory approvals. At the option of the Assuming Bank, such banking services may be provided at any or all of the Bank Premises, or at other premises within such trade area. The trade area shall be determined by the Receiver. For the avoidance of doubt, the foregoing shall not restrict the Assuming Bank from opening, closing or selling branches upon receipt of the necessary regulatory approvals, if the Assuming Bank or its successors continue to provide banking

services in the trade area. Assuming Bank will pay to the Receiver, upon the sale of a branch or branches within the year following the date of this agreement, fifty percent (50%) of any franchise premium in excess of the franchise premium paid by the Assuming Bank with respect to such branch or branches.

4.2 Agreement with Respect to Credit Card Business. The Assuming Bank agrees to honor and perform, from and after Bank Closing, all duties and obligations with respect to the Failed Bank's credit card business, and/or processing related to credit cards, if any, and assumes all outstanding extensions of credit with respect thereto.

4.3 Agreement with Respect to Safe Deposit Business. The Assuming Bank assumes and agrees to discharge, from and after Bank Closing, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank with respect to all Safe Deposit Boxes, if any, of the Failed Bank and to maintain all of the necessary facilities for the use of such boxes by the renters thereof during the period for which such boxes have been rented and the rent therefore paid to the Failed Bank, subject to the provisions of the rental agreements between the Failed Bank and the respective renters of such boxes; provided, that the Assuming Bank may relocate the Safe Deposit Boxes of the Failed Bank to any office of the Assuming Bank located in the trade area of the Failed Bank. The Safe Deposit Boxes shall be located and maintained in the trade area of the Failed Bank for a minimum of one year from Bank Closing. The trade area shall be determined by the Receiver. Fees related to the safe deposit business earned prior to the Bank Closing Date shall be for the benefit of the Receiver and fees earned after the Bank Closing Date shall be for the benefit of the Assuming Bank.

4.4 Agreement with Respect to Safekeeping Business. The Receiver transfers, conveys and delivers to the Assuming Bank and the Assuming Bank accepts all securities and other items, if any, held by the Failed Bank in safekeeping for its customers as of Bank Closing. The Assuming Bank assumes and agrees to honor and discharge, from and after Bank Closing, the duties and obligations of the Failed Bank with respect to such securities and items held in safekeeping. The Assuming Bank shall be entitled to all rights and benefits heretofore accrued or hereafter accruing with respect thereto. The Assuming Bank shall provide to the Receiver written verification of all assets held by the Failed Bank for safekeeping within sixty (60) days after Bank Closing. The assets held for safekeeping by the Failed Bank shall be held and maintained by the Assuming Bank in the trade area of the Failed Bank for a minimum of one year from Bank Closing. At the option of the Assuming Bank, the safekeeping business may be provided at any or all of the Bank Premises, or at other premises within such trade area. The trade area shall be determined by the Receiver. Fees related to the safekeeping business earned prior to the Bank Closing Date shall be for the benefit of the Receiver and fees earned after the Bank Closing Date shall be for the benefit of the Assuming Bank.

4.5 Agreement with Respect to Trust Business.

(a) The Assuming Bank shall, without further transfer, substitution, act or deed, to the full extent permitted by law, succeed to the rights, obligations, properties, assets, investments, deposits, agreements, and trusts of the Failed Bank under trusts, executorships, administrations, guardianships, and agencies, and other fiduciary or representative capacities, all to the same

extent as though the Assuming Bank had assumed the same from the Failed Bank prior to Bank Closing; provided, that any liability based on the misfeasance, malfeasance or nonfeasance of the Failed Bank, its directors, officers, employees or agents with respect to the trust business is not assumed hereunder.

(b) The Assuming Bank shall, to the full extent permitted by law, succeed to, and be entitled to take and execute, the appointment to all executorships, trusteeships, guardianships and other fiduciary or representative capacities to which the Failed Bank is or may be named in wills, whenever probated, or to which the Failed Bank is or may be named or appointed by any other instrument.

(c) In the event additional proceedings of any kind are necessary to accomplish the transfer of such trust business, the Assuming Bank agrees that, at its own expense, it will take whatever action is necessary to accomplish such transfer. The Receiver agrees to use reasonable efforts to assist the Assuming Bank in accomplishing such transfer.

(d) The Assuming Bank shall provide to the Receiver written verification of the assets held in connection with the Failed Bank's trust business within sixty (60) days after Bank Closing.

4.6 Agreement with Respect to Bank Premises.

(a) **Option to Purchase.** Subject to Section 3.5, the Receiver hereby grants to the Assuming Bank an exclusive option for the period of one hundred seventy (170) days commencing the day after Bank Closing to purchase any or all owned Bank Premises, including all Furniture, Fixtures and Equipment located on the Bank Premises. The Assuming Bank shall give written notice to the Receiver within the option period of its election to purchase or not to purchase any of the owned Bank Premises. Any purchase of such premises shall be effective as of the date of Bank Closing and such purchase shall be consummated as soon as practicable thereafter, and in no event later than the Settlement Date. If the Assuming Bank gives notice of its election not to purchase one or more of the owned Bank Premises within seven (7) days of Bank Closing, then, notwithstanding any other provision of this Agreement to the contrary, the Assuming Bank shall not be liable for any of the costs or fees associated with appraisals for such Bank Premises.

(b) **Option to Lease.** The Receiver hereby grants to the Assuming Bank an exclusive option for the period of one hundred seventy (170) days commencing the day after Bank Closing to cause the Receiver to assign to the Assuming Bank any or all leases for leased Bank Premises, if any, which have been continuously occupied by the Assuming Bank from Bank Closing to the date it elects to accept an assignment of the leases with respect thereto to the extent such leases can be assigned; provided, that the exercise of this option with respect to any lease must be as to all premises or other property subject to the lease. If an assignment cannot be made of any such leases, the Receiver may, in its discretion, enter into subleases with the Assuming Bank containing the same terms and conditions provided under such existing leases for such leased Bank Premises or other property. The Assuming Bank shall give notice to the Receiver within the option period of its election to accept or not to accept an assignment of any or all leases (or

enter into subleases or new leases in lieu thereof). The Assuming Bank agrees to assume all leases assigned (or enter into subleases or new leases in lieu thereof) pursuant to this Section 4.6.

(c) **Facilitation.** The Receiver agrees to facilitate the assumption, assignment or sublease of leases or the negotiation of new leases by the Assuming Bank; provided, that neither the Receiver nor the Corporation shall be obligated to engage in litigation, make payments to the Assuming Bank or to any third party in connection with facilitating any such assumption, assignment, sublease or negotiation or commit to any other obligations to third parties.

(d) **Occupancy.** The Assuming Bank shall give the Receiver fifteen (15) days' prior written notice of its intention to vacate prior to vacating any leased Bank Premises with respect to which the Assuming Bank has not exercised the option provided in Section 4.6(b). Any such notice shall be deemed to terminate the Assuming Bank's option with respect to such leased Bank Premises.

(e) **Occupancy Costs.**

(i) The Assuming Bank agrees to pay to the Receiver, or to appropriate third parties at the direction of the Receiver, during and for the period of any occupancy by it of (x) owned Bank Premises the market rental value, as determined by the appraiser selected in accordance with the definition of Fair Market Value, and all operating costs, and (y) leased Bank Premises, all operating costs with respect thereto and to comply with all relevant terms of applicable leases entered into by the Failed Bank, including without limitation the timely payment of all rent. Operating costs include, without limitation all taxes, fees, charges, utilities, insurance and assessments, to the extent not included in the rental value or rent. If the Assuming Bank elects to purchase any owned Bank Premises in accordance with Section 4.6(a), the amount of any rent paid (and taxes paid to the Receiver which have not been paid to the taxing authority and for which the Assuming Bank assumes liability) by the Assuming Bank with respect thereto shall be applied as an offset against the purchase price thereof.

(ii) The Assuming Bank agrees during the period of occupancy by it of owned or leased Bank Premises, to pay to the Receiver rent for the use of all owned or leased Furniture and Equipment and all owned or leased Fixtures located on such Bank Premises for the period of such occupancy. Rent for such property owned by the Failed Bank shall be the market rental value thereof, as determined by the Receiver within sixty (60) days after Bank Closing. Rent for such leased property shall be an amount equal to any and all rent and other amounts which the Receiver incurs or accrues as an obligation or is obligated to pay for such period of occupancy pursuant to all leases and contracts with respect to such property. If the Assuming Bank purchases any owned Furniture and Equipment or owned Fixtures in accordance with Section 4.6(f) or 4.6(h), the amount of any rents paid by the Assuming Bank with respect thereto shall be applied as an offset against the purchase price thereof.

(f) **Certain Requirements as to Furniture, Equipment and Fixtures.** If the Assuming Bank purchases owned Bank Premises or accepts an assignment of the lease (or enters into a sublease or a new lease in lieu thereof) for leased Bank Premises as provided in Section

4.6(a) or 4.6(b), or if the Assuming Bank does not exercise such option but within twelve (12) months following Bank Closing obtains the right to occupy such premises (whether by assignment, lease, sublease, purchase or otherwise), other than in accordance with Section 4.6(a) or (b), the Assuming Bank shall (i) effective as of the date of Bank Closing, purchase from the Receiver all Furniture and Equipment and Fixtures owned by the Failed Bank at Fair Market Value and located thereon as of Bank Closing, (ii) accept an assignment or a sublease of the leases or negotiate new leases for all Furniture and Equipment and Fixtures leased by the Failed Bank and located thereon, and (iii) if applicable, accept an assignment or a sublease of any ground lease or negotiate a new ground lease with respect to any land on which such Bank Premises are located; provided, that the Receiver shall not have disposed of such Furniture and Equipment and Fixtures or repudiated the leases specified in clause (ii) or (iii).

(g) **Vacating Premises.**

(i) If the Assuming Bank elects not to purchase any owned Bank Premises, the notice of such election in accordance with Section 4.6(a) shall specify the date upon which the Assuming Bank's occupancy of such premises shall terminate, which date shall not be later than ninety (90) days after the date of the Assuming Bank's notice not to exercise such option. The Assuming Bank promptly shall relinquish and release to the Receiver such premises and the Furniture and Equipment and Fixtures located thereon in the same condition as at Bank Closing, normal wear and tear excepted. By occupying any such premises after the expiration of such ninety (90)-day period, the Assuming Bank shall, at the Receiver's option, (x) be deemed to have agreed to purchase such Bank Premises, and to assume all leases, obligations and liabilities with respect to leased Furniture and Equipment and leased Fixtures located thereon and any ground lease with respect to the land on which such premises are located, and (y) be required to purchase all Furniture and Equipment and Fixtures owned by the Failed Bank and located on such premises as of Bank Closing.

(ii) If the Assuming Bank elects not to accept an assignment of the lease or sublease any leased Bank Premises, the notice of such election in accordance with Section 4.6(b) shall specify the date upon which the Assuming Bank's occupancy of such leased Bank Premises shall terminate, which date shall not be later than the date which is one hundred eighty (180) days after Bank Closing. Upon vacating such premises, the Assuming Bank shall relinquish and release to the Receiver such premises and the Fixtures and the Furniture and Equipment located thereon in the same condition as at Bank Closing, normal wear and tear excepted. By failing to provide notice of its intention to vacate such premises prior to the expiration of the option period specified in Section 4.6(b), or by occupying such premises after the one hundred eighty (180)-day period specified above in this paragraph (ii), the Assuming Bank shall, at the Receiver's option, (x) be deemed to have assumed all leases, obligations and liabilities with respect to such premises (including any ground lease with respect to the land on which premises are located), and leased Furniture and Equipment and leased Fixtures located thereon in accordance with this Section 4.6 (unless the Receiver previously repudiated any such lease), and (y) be required to purchase all Furniture and Equipment and Fixtures owned by the Failed Bank at Fair Market Value and located on such premises as of Bank Closing.

(h) **Furniture and Equipment and Certain Other Equipment.** The Receiver hereby grants to the Assuming Bank an option to purchase all Furniture and Equipment or any telecommunications, data processing equipment (including hardware and software) and check processing and similar operating equipment owned by the Failed Bank at Fair Market Value and located at any leased Bank Premises that the Assuming Bank elects to vacate or which it could have, but did not occupy, pursuant to this Section 4.6; provided, that, the Assuming Bank shall give the Receiver notice of its election to purchase such property at the time it gives notice of its intention to vacate such Bank Premises or within ten (10) days after Bank Closing for Bank Premises it could have, but did not, occupy.

4.7 Agreement with Respect to Leased Data Processing Equipment

(a) The Receiver hereby grants to the Assuming Bank an exclusive option for the period of one hundred seventy (170) days commencing the day after Bank Closing to accept an assignment from the Receiver of any or all Data Processing Leases to the extent that such Data Processing Leases can be assigned.

(b) The Assuming Bank shall (i) give written notice to the Receiver within the option period specified in Section 4.7(a) of its intent to accept or decline an assignment or sublease of any or all Data Processing Leases and promptly accept an assignment or sublease of such Data Processing Leases, and (ii) give written notice to the appropriate lessor(s) that it has accepted an assignment or sublease of any such Data Processing Leases.

(c) The Receiver agrees to facilitate the assignment or sublease of Data Processing Leases or the negotiation of new leases or license agreements by the Assuming Bank; provided, that neither the Receiver nor the Corporation shall be obligated to engage in litigation or make payments to the Assuming Bank or to any third party in connection with facilitating any such assumption, assignment, sublease or negotiation.

(d) The Assuming Bank agrees, during its period of use of any property subject to a Data Processing Lease, to pay to the Receiver or to appropriate third parties at the direction of the Receiver all operating costs with respect thereto and to comply with all relevant terms of the applicable Data Processing Leases entered into by the Failed Bank, including without limitation the timely payment of all rent, taxes, fees, charges, utilities, insurance and assessments.

(e) The Assuming Bank shall, not later than fifty (50) days after giving the notice provided in Section 4.7(b), (i) relinquish and release to the Receiver all property subject to the relevant Data Processing Lease, in the same condition as at Bank Closing, normal wear and tear excepted, or (ii) accept an assignment or a sublease thereof or negotiate a new lease or license agreement under this Section 4.7.

4.8 Agreement with Respect to Certain Existing Agreements.

(a) Subject to the provisions of Section 4.8(b), with respect to agreements existing as of Bank Closing which provide for the rendering of services by or to the Failed Bank, within one hundred seventy (170) days after Bank Closing, the Assuming Bank shall give the Receiver

written notice specifying whether it elects to assume or not to assume each such agreement. Except as may be otherwise provided in this Article IV, the Assuming Bank agrees to comply with the terms of each such agreement for a period commencing on the day after Bank Closing and ending on: (i) in the case of an agreement that provides for the rendering of services by the Failed Bank, the date which is one hundred seventy (170) days after Bank Closing, and (ii) in the case of an agreement that provides for the rendering of services to the Failed Bank, the date which is thirty (30) days after the Assuming Bank has given notice to the Receiver of its election not to assume such agreement; provided, that the Receiver can reasonably make such service agreements available to the Assuming Bank. The Assuming Bank shall be deemed by the Receiver to have assumed agreements for which no notification is timely given. The Receiver agrees to assign, transfer, convey, and deliver to the Assuming Bank all right, title and interest of the Receiver, if any, in and to agreements the Assuming Bank assumes hereunder. In the event the Assuming Bank elects not to accept an assignment of any lease (or sublease) or negotiate a new lease for leased Bank Premises under Section 4.6 and does not otherwise occupy such premises, the provisions of this Section 4.8(a) shall not apply to service agreements related to such premises. The Assuming Bank agrees, during the period it has the use or benefit of any such agreement, promptly to pay to the Receiver or to appropriate third parties at the direction of the Receiver all operating costs with respect thereto and to comply with all relevant terms of such agreement.

(b) The provisions of Section 4.8(a) regarding the Assuming Bank's election to assume or not assume certain agreements shall not apply to (i) agreements pursuant to which the Failed Bank provides mortgage servicing for others or mortgage servicing is provided to the Failed Bank by others, (ii) agreements that are subject to Sections 4.1 through 4.7 and any insurance policy or bond referred to in Section 3.5(a) or other agreement specified in Section 3.5, and (iii) consulting, management or employment agreements, if any, between the Failed Bank and its employees or other Persons. Except as otherwise expressly set forth elsewhere in this Agreement, the Assuming Bank does not assume any liabilities or acquire any rights under any of the agreements described in this Section 4.8(b).

4.9 Informational Tax Reporting. The Assuming Bank agrees to perform all obligations of the Failed Bank with respect to Federal and State income tax informational reporting related to (i) the Assets and the Liabilities Assumed, (ii) deposit accounts that were closed and loans that were paid off or collateral obtained with respect thereto prior to Bank Closing, (iii) miscellaneous payments made to vendors of the Failed Bank, and (iv) any other asset or liability of the Failed Bank, including, without limitation, loans not purchased and Deposits not assumed by the Assuming Bank, as may be required by the Receiver.

4.10 Insurance. The Assuming Bank agrees to obtain insurance coverage effective from and after Bank Closing, including public liability, fire and extended coverage insurance acceptable to the Receiver with respect to owned or leased Bank Premises that it occupies, and all owned or leased Furniture and Equipment and Fixtures and leased data processing equipment (including hardware and software) located thereon, in the event such insurance coverage is not already in force and effect with respect to the Assuming Bank as the insured as of Bank Closing. All such insurance shall, where appropriate (as determined by the Receiver), name the Receiver as an additional insured.

4.11 Office Space for Receiver and Corporation. For the period commencing on the day following Bank Closing and ending on the one hundred eightieth (180th) day thereafter, the Assuming Bank agrees to provide to the Receiver and the Corporation, without charge, adequate and suitable office space (including parking facilities and vault space), furniture, equipment (including photocopying and telecopying machines), email accounts, network access and technology resources (such as shared drive) and utilities (including local telephone service and fax machines) at the Bank Premises occupied by the Assuming Bank for their use in the discharge of their respective functions with respect to the Failed Bank. In the event the Receiver and the Corporation determine that the space provided is inadequate or unsuitable, the Receiver and the Corporation may relocate to other quarters having adequate and suitable space and the costs of relocation and any rental and utility costs for the balance of the period of occupancy by the Receiver and the Corporation shall be borne by the Assuming Bank. Additionally, the Assuming Bank agrees to pay such bills and invoices on behalf of the Receiver and Corporation as the Receiver or Corporation may direct for the period beginning on the date of Bank Closing and ending on Settlement Date. Assuming Bank shall submit it requests for reimbursement of such expenditures pursuant to Article VIII of this Agreement.

4.12 Agreement with Respect to Continuation of Group Health Plan Coverage for Former Employees of the Failed Bank.

(a) The Assuming Bank agrees to assist the Receiver, as provided in this Section 4.12, in offering individuals who were employees or former employees of the Failed Bank, or any of its Subsidiaries, and who, immediately prior to Bank Closing, were receiving, or were eligible to receive, health insurance coverage or health insurance continuation coverage from the Failed Bank ("Eligible Individuals"), the opportunity to obtain health insurance coverage in the Corporation's FIA Continuation Coverage Plan which provides for health insurance continuation coverage to such Eligible Individuals who are qualified beneficiaries of the Failed Bank as defined in Section 607 of the Employee Retirement Income Security Act of 1974, as amended (respectively, "qualified beneficiaries" and "ERISA"). The Assuming Bank shall consult with the Receiver and not later than five (5) Business Days after Bank Closing shall provide written notice to the Receiver of the number (if available), identity (if available) and addresses (if available) of the Eligible Individuals who are qualified beneficiaries of the Failed Bank and for whom a "qualifying event" (as defined in Section 603 of ERISA) has occurred and with respect to whom the Failed Bank's obligations under Part 6 of Subtitle B of Title I of ERISA have not been satisfied in full, and such other information as the Receiver may reasonably require. The Receiver shall cooperate with the Assuming Bank in order to permit it to prepare such notice and shall provide to the Assuming Bank such data in its possession as may be reasonably required for purposes of preparing such notice.

(b) The Assuming Bank shall take such further action to assist the Receiver in offering the Eligible Individuals who are qualified beneficiaries of the Failed Bank the opportunity to obtain health insurance coverage in the Corporation's FIA Continuation Coverage Plan as the Receiver may direct. All expenses incurred and paid by the Assuming Bank (i) in connection with the obligations of the Assuming Bank under this Section 4.12, and (ii) in

providing health insurance continuation coverage to any Eligible Individuals who are hired by the Assuming Bank and such employees' qualified beneficiaries shall be borne by the Assuming Bank.

(c) No later than five (5) Business Days after Bank Closing, the Assuming Bank shall provide the Receiver with a list of all Failed Bank employees the Assuming Bank will not hire. Unless agreed to otherwise by the Assuming Bank and the Receiver, the Assuming Bank shall be responsible for all costs and expenses (i.e. salary, benefits, etc.) associated with all other employees not on that list from and after the date of delivery of the list to the Receiver. The Assuming Bank shall offer to the Failed Bank employees it retains employment benefits comparable to those the Assuming Bank offers its current employees.

(d) This Section 4.12 is for the sole and exclusive benefit of the parties to this Agreement, and for the benefit of no other Person (including any former employee of the Failed Bank or any Subsidiary thereof or qualified beneficiary of such former employee). Nothing in this Section 4.12 is intended by the parties, or shall be construed, to give any Person (including any former employee of the Failed Bank or any Subsidiary thereof or qualified beneficiary of such former employee) other than the Corporation, the Receiver and the Assuming Bank any legal or equitable right, remedy or claim under or with respect to the provisions of this Section.

4.13 Agreement with Respect to Interim Asset Servicing. At any time after Bank Closing, the Receiver may establish on its books an asset pool(s) and may transfer to such asset pool(s) (by means of accounting entries on the books of the Receiver) all or any assets and liabilities of the Failed Bank which are not acquired by the Assuming Bank, including, without limitation, wholly unfunded Commitments and assets and liabilities which may be acquired, funded or originated by the Receiver subsequent to Bank Closing. The Receiver may remove assets (and liabilities) from or add assets (and liabilities) to such pool(s) at any time in its discretion. At the option of the Receiver, the Assuming Bank agrees to service, administer, and collect such pool assets in accordance with and for the term set forth in Exhibit 4.13 "Interim Asset Servicing Arrangement".

4.14 Reserved.

4.15 Agreement with Respect to Loss Sharing. The Assuming Bank shall be entitled to require reimbursement from the Receiver for loss sharing on certain loans in accordance with the Single Family Shared-Loss Agreement attached hereto as Exhibit 4.15A and the Non-SF Shared-Loss Agreement attached hereto as Exhibit 4.15B, collectively, the "Shared-Loss Agreements." The Loans that shall be subject to the Shared-Loss Agreements are identified on the Schedule of Loans 4.15A and 4.15B attached hereto.

ARTICLE V

DUTIES WITH RESPECT TO DEPOSITORS OF THE FAILED BANK

5.1 Payment of Checks, Drafts and Orders. Subject to Section 9.5, the Assuming Bank agrees to pay all properly drawn checks, drafts and withdrawal orders of depositors of the Failed Bank presented for payment, whether drawn on the check or draft forms provided by the Failed Bank or by the Assuming Bank, to the extent that the Deposit balances to the credit of the respective makers or drawers assumed by the Assuming Bank under this Agreement are sufficient to permit the payment thereof, and in all other respects to discharge, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank with respect to the Deposit balances due and owing to the depositors of the Failed Bank assumed by the Assuming Bank under this Agreement.

5.2 Certain Agreements Related to Deposits. Subject to Section 2.2, the Assuming Bank agrees to honor the terms and conditions of any written escrow or mortgage servicing agreement or other similar agreement relating to a Deposit liability assumed by the Assuming Bank pursuant to this Agreement.

5.3 Notice to Depositors.

(a) Within seven (7) days after Bank Closing, the Assuming Bank shall give (i) notice to depositors of the Failed Bank of its assumption of the Deposit liabilities of the Failed Bank, and (ii) any notice required under Section 2.2, by mailing to each such depositor a notice with respect to such assumption and by advertising in a newspaper of general circulation in the county or counties in which the Failed Bank was located. The Assuming Bank agrees that it will obtain prior approval of all such notices and advertisements from counsel for the Receiver and that such notices and advertisements shall not be mailed or published until such approval is received.

(b) The Assuming Bank shall give notice by mail to depositors of the Failed Bank concerning the procedures to claim their deposits, which notice shall be provided to the Assuming Bank by the Receiver or the Corporation. Such notice shall be included with the notice to depositors to be mailed by the Assuming Bank pursuant to Section 5.3(a).

(c) If the Assuming Bank proposes to charge fees different from those charged by the Failed Bank before it establishes new deposit account relationships with the depositors of the Failed Bank, the Assuming Bank shall give notice by mail of such changed fees to such depositors.

ARTICLE VI

RECORDS

6.1 Transfer of Records.

(a) In accordance with Sections 2.1 and 3.1, the Receiver assigns, transfers, conveys

and delivers to the Assuming Bank the following:

(i) all Records pertaining to the Deposit liabilities of the Failed Bank assumed by the Assuming Bank under this Agreement, including, but not limited to, the following:

(A) signature cards, orders, contracts between the Failed Bank and its depositors and Records of similar character;

(B) passbooks of depositors held by the Failed Bank, deposit slips, cancelled checks and withdrawal orders representing charges to accounts of depositors; and

(ii) all Records pertaining to the Assets, including, but not limited to, the following:

(A) records of deposit balances carried with other banks, bankers or trust companies;

(B) Loan and collateral records and Credit Files and other documents;

(C) deeds, mortgages, abstracts, surveys, and other instruments or records of title pertaining to real estate or real estate mortgages;

(D) signature cards, agreements and records pertaining to Safe Deposit Boxes, if any; and

(E) records pertaining to the credit card business, trust business or safekeeping business of the Failed Bank, if any.

(b) The Receiver, at its option, may assign and transfer to the Assuming Bank by a single blanket assignment or otherwise, as soon as practicable after Bank Closing, any other Records not assigned and transferred to the Assuming Bank as provided in this Agreement, including but not limited to loan disbursement checks, general ledger tickets, official bank checks, proof transactions (including proof tapes) and paid out loan files.

6.2 Delivery of Assigned Records. The Receiver shall deliver to the Assuming Bank all Records described in (i) Section 6.1(a) as soon as practicable on or after the date of this Agreement, and (ii) Section 6.1(b) as soon as practicable after making any assignment described therein.

6.3 Preservation of Records. The Assuming Bank agrees that it will preserve and maintain for the joint benefit of the Receiver, the Corporation and the Assuming Bank, all Records of which it has custody for such period as either the Receiver or the Corporation in its discretion may require, until directed otherwise, in writing, by the Receiver or Corporation. The Assuming Bank shall have the primary responsibility to respond to subpoenas, discovery

requests, and other similar official inquiries and customer requests for lien releases with respect to the Records of which it has custody.

6.4 Access to Records; Copies. The Assuming Bank agrees to permit the Receiver and the Corporation access to all Records of which the Assuming Bank has custody, and to use, inspect, make extracts from or request copies of any such Records in the manner and to the extent requested, and to duplicate, in the discretion of the Receiver or the Corporation, any Record in the form of microfilm or microfiche pertaining to Deposit account relationships; provided, that in the event that the Failed Bank maintained one or more duplicate copies of such microfilm or microfiche Records, the Assuming Bank hereby assigns, transfers, and conveys to the Corporation one such duplicate copy of each such Record without cost to the Corporation, and agrees to deliver to the Corporation all Records assigned and transferred to the Corporation under this Article VI as soon as practicable on or after the date of this Agreement. The party requesting a copy of any Record shall bear the cost (based on standard accepted industry charges to the extent applicable, as determined by the Receiver) for providing such duplicate Records. A copy of each Record requested shall be provided as soon as practicable by the party having custody thereof.

ARTICLE VII FIRST LOSS TRANCHE

The Assuming Bank has submitted to the Receiver an asset premium bid of \$401,000,000.00 and a Deposit premium bid of 0%. The Deposit premium bid will be applied to the total of all Assumed Deposits except for brokered, CDARS, and any market place or similar subscription services Deposits. The First Loss Tranche shall be determined by adding (i) the asset premium bid, (ii) the Deposit premium bid, and (iii) the Equity Adjustment. If the First Loss Tranche is a positive number, then this is the Losses on Single Family Shared-Loss Loans and Net Charge-offs on Shared Loss Assets that the Assuming Bank will incur before loss-sharing commences under Exhibits 4.15A and 4.15B. If the First Loss Tranche is a negative number, the Corporation shall pay such amount by wire transfer to the Assuming Bank by the end of the first business day following Bank Closing, together with interest determined in accordance with Section 8.4, and loss sharing shall commence immediately.

ARTICLE VIII ADJUSTMENTS

8.1 Pro Forma Statement. The Receiver, as soon as practicable after Bank Closing, in accordance with the best information then available, shall provide to the Assuming Bank a pro forma statement reflecting any adjustments of such liabilities and assets as may be necessary. Such pro forma statement shall take into account, to the extent possible, (i) liabilities and assets of a nature similar to those contemplated by Section 2.1 or Section 3.1, respectively, which at Bank Closing were carried in the Failed Bank's suspense accounts, (ii) accruals as of Bank

Closing for all income related to the assets and business of the Failed Bank acquired by the Assuming Bank hereunder, whether or not such accruals were reflected on the Accounting Records of the Failed Bank in the normal course of its operations, and (iii) adjustments to determine the Book Value of any investment in an Acquired Subsidiary and related accounts on the "bank only" (unconsolidated) balance sheet of the Failed Bank based on the equity method of accounting, whether or not the Failed Bank used the equity method of accounting for investments in subsidiaries, except that the resulting amount cannot be less than the Acquired Subsidiary's recorded equity as of Bank Closing as reflected on the Accounting Records of the Acquired Subsidiary. Any Loan purchased by the Assuming Bank pursuant to Section 3.1 which the Failed Bank charged off during the period beginning the day after the Bid Valuation Date to the date of Bank Closing shall be deemed not to be charged off for the purposes of the pro forma statement, and the purchase price shall be determined pursuant to Section 3.2.

8.2 Correction of Errors and Omissions; Other Liabilities.

(a) In the event any bookkeeping omissions or errors are discovered in preparing any pro forma statement or in completing the transfers and assumptions contemplated hereby, the parties hereto agree to correct such errors and omissions, it being understood that, as far as practicable, all adjustments will be made consistent with the judgments, methods, policies or accounting principles utilized by the Failed Bank in preparing and maintaining Accounting Records, except that adjustments made pursuant to this Section 8.2(a) are not intended to bring the Accounting Records of the Failed Bank into accordance with generally accepted accounting principles.

(b) If the Receiver discovers at any time subsequent to the date of this Agreement that any claim exists against the Failed Bank which is of such a nature that it would have been included in the liabilities assumed under Article II had the existence of such claim or the facts giving rise thereto been known as of Bank Closing, the Receiver may, in its discretion, at any time, require that such claim be assumed by the Assuming Bank in a manner consistent with the intent of this Agreement. The Receiver will make appropriate adjustments to the pro forma statement provided by the Receiver to the Assuming Bank pursuant to Section 8.1 as may be necessary.

8.3 Payments. The Receiver agrees to cause to be paid to the Assuming Bank, or the Assuming Bank agrees to pay to the Receiver, as the case may be, on the Settlement Date, a payment in an amount which reflects net adjustments (including any costs, expenses and fees associated with determinations of value as provided in this Agreement) made pursuant to Section 8.1 or Section 8.2, plus interest as provided in Section 8.4. The Receiver and the Assuming Bank agree to effect on the Settlement Date any further transfer of assets to or assumption of liabilities or claims by the Assuming Bank as may be necessary in accordance with Section 8.1 or Section 8.2.

8.4 Interest. Any amounts paid under Section 8.3 or Section 8.5, shall bear interest for the period from and including the day following Bank Closing to and including the day preceding the payment at the Settlement Interest Rate.

8.5 Subsequent Adjustments. In the event that the Assuming Bank or the Receiver discovers any errors or omissions as contemplated by Section 8.2 or any error with respect to the payment made under Section 8.3 after the Settlement Date, the Assuming Bank and the Receiver agree to promptly correct any such errors or omissions, make any payments and effect any transfers or assumptions as may be necessary to reflect any such correction plus interest as provided in Section 8.4.

ARTICLE IX CONTINUING COOPERATION

9.1 General Matters. The parties hereto agree that they will, in good faith and with their best efforts, cooperate with each other to carry out the transactions contemplated by this Agreement and to effect the purposes hereof.

9.2 Additional Title Documents. The Receiver, the Corporation and the Assuming Bank each agree, at any time, and from time to time, upon the request of any party hereto, to execute and deliver such additional instruments and documents of conveyance as shall be reasonably necessary to vest in the appropriate party its full legal or equitable title in and to the property transferred pursuant to this Agreement or to be transferred in accordance herewith. The Assuming Bank shall prepare such instruments and documents of conveyance (in form and substance satisfactory to the Receiver) as shall be necessary to vest title to the Assets in the Assuming Bank. The Assuming Bank shall be responsible for recording such instruments and documents of conveyance at its own expense.

9.3 Claims and Suits.

(a) The Receiver shall have the right, in its discretion, to (i) defend or settle any claim or suit against the Assuming Bank with respect to which the Receiver has indemnified the Assuming Bank in the same manner and to the same extent as provided in Article XII, and (ii) defend or settle any claim or suit against the Assuming Bank with respect to any Liability Assumed, which claim or suit may result in a loss to the Receiver arising out of or related to this Agreement, or which existed against the Failed Bank on or before Bank Closing. The exercise by the Receiver of any rights under this Section 9.3(a) shall not release the Assuming Bank with respect to any of its obligations under this Agreement.

(b) In the event any action at law or in equity shall be instituted by any Person against the Receiver and the Corporation as codefendants with respect to any asset of the Failed Bank retained or acquired pursuant to this Agreement by the Receiver, the Receiver agrees, at the request of the Corporation, to join with the Corporation in a petition to remove the action to the United States District Court for the proper district. The Receiver agrees to institute, with or without joinder of the Corporation as coplaintiff, any action with respect to any such retained or acquired asset or any matter connected therewith whenever notice requiring such action shall be given by the Corporation to the Receiver.

9.4 Payment of Deposits. In the event any depositor does not accept the obligation of the Assuming Bank to pay any Deposit liability of the Failed Bank assumed by the Assuming Bank pursuant to this Agreement and asserts a claim against the Receiver for all or any portion of any such Deposit liability, the Assuming Bank agrees on demand to provide to the Receiver funds sufficient to pay such claim in an amount not in excess of the Deposit liability reflected on the books of the Assuming Bank at the time such claim is made. Upon payment by the Assuming Bank to the Receiver of such amount, the Assuming Bank shall be discharged from any further obligation under this Agreement to pay to any such depositor the amount of such Deposit liability paid to the Receiver.

9.5 Withheld Payments. At any time, the Receiver or the Corporation may, in its discretion, determine that all or any portion of any deposit balance assumed by the Assuming Bank pursuant to this Agreement does not constitute a "Deposit" (or otherwise, in its discretion, determine that it is the best interest of the Receiver or Corporation to withhold all or any portion of any deposit), and may direct the Assuming Bank to withhold payment of all or any portion of any such deposit balance. Upon such direction, the Assuming Bank agrees to hold such deposit and not to make any payment of such deposit balance to or on behalf of the depositor, or to itself, whether by way of transfer, set-off, or otherwise. The Assuming Bank agrees to maintain the "withheld payment" status of any such deposit balance until directed in writing by the Receiver or the Corporation as to its disposition. At the direction of the Receiver or the Corporation, the Assuming Bank shall return all or any portion of such deposit balance to the Receiver or the Corporation, as appropriate, and thereupon the Assuming Bank shall be discharged from any further liability to such depositor with respect to such returned deposit balance. If such deposit balance has been paid to the depositor prior to a demand for return by the Corporation or the Receiver, and payment of such deposit balance had not been previously withheld pursuant to this Section, the Assuming Bank shall not be obligated to return such deposit balance to the Receiver or the Corporation. The Assuming Bank shall be obligated to reimburse the Corporation or the Receiver, as the case may be, for the amount of any deposit balance or portion thereof paid by the Assuming Bank in contravention of any previous direction to withhold payment of such deposit balance or return such deposit balance the payment of which was withheld pursuant to this Section.

9.6 Proceedings with Respect to Certain Assets and Liabilities.

(a) In connection with any investigation, proceeding or other matter with respect to any asset or liability of the Failed Bank retained by the Receiver, or any asset of the Failed Bank acquired by the Receiver pursuant to this Agreement, the Assuming Bank shall cooperate to the extent reasonably required by the Receiver.

(b) In addition to its obligations under Section 6.4, the Assuming Bank shall provide representatives of the Receiver access at reasonable times and locations without other limitation or qualification to (i) its directors, officers, employees and agents and those of the Subsidiaries acquired by the Assuming Bank, and (ii) its books and records, the books and records of such Subsidiaries and all Credit Files, and copies thereof. Copies of books, records and Credit Files shall be provided by the Assuming Bank as requested by the Receiver and the costs of duplication thereof shall be borne by the Receiver.

(c) Not later than ten (10) days after the Put Notice pursuant to Section 3.4 or the date of the notice of transfer of any Loan by the Assuming Bank to the Receiver pursuant to Section 3.6, the Assuming Bank shall deliver to the Receiver such documents with respect to such Loan as the Receiver may request, including without limitation the following: (i) all related Credit Documents (other than certificates, notices and other ancillary documents), (ii) a certificate setting forth the principal amount on the date of the transfer and the amount of interest, fees and other charges then accrued and unpaid thereon, and any restrictions on transfer to which any such Loan is subject, and (iii) all Credit Files, and all documents, microfiche, microfilm and computer records (including but not limited to magnetic tape, disc storage, card forms and printed copy) maintained by, owned by, or in the possession of the Assuming Bank or any Affiliate of the Assuming Bank relating to the transferred Loan.

9.7 Information. The Assuming Bank promptly shall provide to the Corporation such other information, including financial statements and computations, relating to the performance of the provisions of this Agreement as the Corporation or the Receiver may request from time to time, and, at the request of the Receiver, make available employees of the Failed Bank employed or retained by the Assuming Bank to assist in preparation of the pro forma statement pursuant to Section 8.1.

ARTICLE X CONDITION PRECEDENT

The obligations of the parties to this Agreement are subject to the Receiver and the Corporation having received at or before Bank Closing evidence reasonably satisfactory to each of any necessary approval, waiver, or other action by any governmental authority, the board of directors of the Assuming Bank, or other third party, with respect to this Agreement and the transactions contemplated hereby, the closing of the Failed Bank and the appointment of the Receiver, the chartering of the Assuming Bank, and any agreements, documents, matters or proceedings contemplated hereby or thereby.

ARTICLE XI REPRESENTATIONS AND WARRANTIES OF THE ASSUMING BANK

The Assuming Bank represents and warrants to the Corporation and the Receiver as follows:

(a) **Corporate Existence and Authority.** The Assuming Bank (i) is duly organized, validly existing and in good standing under the laws of its Chartering Authority and has full power and authority to own and operate its properties and to conduct its business as now conducted by it, and (ii) has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The Assuming Bank has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the performance of the transactions contemplated hereby.

(b) **Third Party Consents.** No governmental authority or other third party consents (including but not limited to approvals, licenses, registrations or declarations) are required in connection with the execution, delivery or performance by the Assuming Bank of this Agreement, other than such consents as have been duly obtained and are in full force and effect.

(c) **Execution and Enforceability.** This Agreement has been duly executed and delivered by the Assuming Bank and when this Agreement has been duly authorized, executed and delivered by the Corporation and the Receiver, this Agreement will constitute the legal, valid and binding obligation of the Assuming Bank, enforceable in accordance with its terms.

(d) **Compliance with Law.**

(i) Neither the Assuming Bank nor any of its Subsidiaries is in violation of any statute, regulation, order, decision, judgment or decree of, or any restriction imposed by, the United States of America, any State, municipality or other political subdivision or any agency of any of the foregoing, or any court or other tribunal having jurisdiction over the Assuming Bank or any of its Subsidiaries or any assets of any such Person, or any foreign government or agency thereof having such jurisdiction, with respect to the conduct of the business of the Assuming Bank or of any of its Subsidiaries, or the ownership of the properties of the Assuming Bank or any of its Subsidiaries, which, either individually or in the aggregate with all other such violations, would materially and adversely affect the business, operations or condition (financial or otherwise) of the Assuming Bank or the ability of the Assuming Bank to perform, satisfy or observe any obligation or condition under this Agreement.

(ii) Neither the execution and delivery nor the performance by the Assuming Bank of this Agreement will result in any violation by the Assuming Bank of, or be in conflict with, any provision of any applicable law or regulation, or any order, writ or decree of any court or governmental authority.

e) **Representations Remain True.** The Assuming Bank represents and warrants that it has executed and delivered to the Corporation a Purchaser Eligibility Certification and Confidentiality Agreement and that all information provided and representations made by or on behalf of the Assuming Bank in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the Purchaser Eligibility Certification and Confidentiality Agreement (which are affirmed and ratified hereby) are and remain true and correct in all material respects and do not fail to state any fact required to make the information contained therein not misleading.

ARTICLE XII INDEMNIFICATION

12.1 Indemnification of Indemnitees. From and after Bank Closing and subject to the limitations set forth in this Section and Section 12.6 and compliance by the Indemnitees with Section 12.2, the Receiver agrees to indemnify and hold harmless the Indemnitees against any and all costs, losses, liabilities, expenses (including attorneys' fees) incurred prior to the

assumption of defense by the Receiver pursuant to paragraph (d) of Section 12.2, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with claims against any Indemnitee based on liabilities of the Failed Bank that are not assumed by the Assuming Bank pursuant to this Agreement or subsequent to the execution hereof by the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank for which indemnification is provided hereunder in (a) of this Section 12.1, subject to certain exclusions as provided in (b) of this Section 12.1:

(a)

(1) claims based on the rights of any shareholder or former shareholder as such of (x) the Failed Bank, or (y) any Subsidiary or Affiliate of the Failed Bank;

(2) claims based on the rights of any creditor as such of the Failed Bank, or any creditor as such of any director, officer, employee or agent of the Failed Bank, with respect to any indebtedness or other obligation of the Failed Bank arising prior to Bank Closing;

(3) claims based on the rights of any present or former director, officer, employee or agent as such of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank;

(4) claims based on any action or inaction prior to Bank Closing of the Failed Bank, its directors, officers, employees or agents as such, or any Subsidiary or Affiliate of the Failed Bank, or the directors, officers, employees or agents as such of such Subsidiary or Affiliate;

(5) claims based on any malfeasance, misfeasance or nonfeasance of the Failed Bank, its directors, officers, employees or agents with respect to the trust business of the Failed Bank, if any;

(6) claims based on any failure or alleged failure (not in violation of law) by the Assuming Bank to continue to perform any service or activity previously performed by the Failed Bank which the Assuming Bank is not required to perform pursuant to this Agreement or which arise under any contract to which the Failed Bank was a party which the Assuming Bank elected not to assume in accordance with this Agreement and which neither the Assuming Bank nor any Subsidiary or Affiliate of the Assuming Bank has assumed subsequent to the execution hereof;

(7) claims arising from any action or inaction of any Indemnitee, including for purposes of this Section 12.1(a)(7) the former officers or employees of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank that is taken upon the specific written direction of the Corporation or the Receiver, other than any action or inaction taken in a manner constituting bad faith, gross negligence or willful misconduct; and

(8) claims based on the rights of any depositor of the Failed Bank whose deposit has been accorded "withheld payment" status and/or returned to the Receiver or Corporation in

accordance with Section 9.5 and/or has become an "unclaimed deposit" or has been returned to the Corporation or the Receiver in accordance with Section 2.3;

(b) provided, that, with respect to this Agreement, except for paragraphs (7) and (8) of Section 12.1(a), no indemnification will be provided under this Agreement for any:

(1) judgment or fine against, or any amount paid in settlement (without the written approval of the Receiver) by, any Indemnitee in connection with any action that seeks damages against any Indemnitee (a "counterclaim") arising with respect to any Asset and based on any action or inaction of either the Failed Bank, its directors, officers, employees or agents as such prior to Bank Closing, unless any such judgment, fine or amount paid in settlement exceeds the greater of (i) the Repurchase Price of such Asset, or (ii) the monetary recovery sought on such Asset by the Assuming Bank in the cause of action from which the counterclaim arises; and in such event the Receiver will provide indemnification only in the amount of such excess; and no indemnification will be provided for any costs or expenses other than any costs or expenses (including attorneys' fees) which, in the determination of the Receiver, have been actually and reasonably incurred by such Indemnitee in connection with the defense of any such counterclaim; and it is expressly agreed that the Receiver reserves the right to intervene, in its discretion, on its behalf and/or on behalf of the Receiver, in the defense of any such counterclaim;

(2) claims with respect to any liability or obligation of the Failed Bank that is expressly assumed by the Assuming Bank pursuant to this Agreement or subsequent to the execution hereof by the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank;

(3) claims with respect to any liability of the Failed Bank to any present or former employee as such of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank, which liability is expressly assumed by the Assuming Bank pursuant to this Agreement or subsequent to the execution hereof by the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank;

(4) claims based on the failure of any Indemnitee to seek recovery of damages from the Receiver for any claims based upon any action or inaction of the Failed Bank, its directors, officers, employees or agents as fiduciary, agent or custodian prior to Bank Closing;

(5) claims based on any violation or alleged violation by any Indemnitee of the antitrust, branching, banking or bank holding company or securities laws of the United States of America or any State thereof;

(6) claims based on the rights of any present or former creditor, customer, or supplier as such of the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank;

(7) claims based on the rights of any present or former shareholder as such of the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank regardless of whether any such present or former shareholder is also a present or former shareholder of the Failed Bank;

(8) claims, if the Receiver determines that the effect of providing such indemnification would be to (i) expand or alter the provisions of any warranty or disclaimer thereof provided in Section 3.3 or any other provision of this Agreement, or (ii) create any warranty not expressly provided under this Agreement;

(9) claims which could have been enforced against any Indemnatee had the Assuming Bank not entered into this Agreement;

(10) claims based on any liability for taxes or fees assessed with respect to the consummation of the transactions contemplated by this Agreement, including without limitation any subsequent transfer of any Assets or Liabilities Assumed to any Subsidiary or Affiliate of the Assuming Bank;

(11) except as expressly provided in this Article XII, claims based on any action or inaction of any Indemnatee, and nothing in this Agreement shall be construed to provide indemnification for (i) the Failed Bank, (ii) any Subsidiary or Affiliate of the Failed Bank, or (iii) any present or former director, officer, employee or agent of the Failed Bank or its Subsidiaries or Affiliates; provided, that the Receiver, in its discretion, may provide indemnification hereunder for any present or former director, officer, employee or agent of the Failed Bank or its Subsidiaries or Affiliates who is also or becomes a director, officer, employee or agent of the Assuming Bank or its Subsidiaries or Affiliates;

(12) claims or actions which constitute a breach by the Assuming Bank of the representations and warranties contained in Article XI;

(13) claims arising out of or relating to the condition of or generated by an Asset arising from or relating to the presence, storage or release of any hazardous or toxic substance, or any pollutant or contaminant, or condition of such Asset which violate any applicable Federal, State or local law or regulation concerning environmental protection; and

(14) claims based on, related to or arising from any asset, including a loan, acquired or liability assumed by the Assuming Bank, other than pursuant to this Agreement.

12.2 Conditions Precedent to Indemnification. It shall be a condition precedent to the obligation of the Receiver to indemnify any Person pursuant to this Article XII that such Person shall, with respect to any claim made or threatened against such Person for which such Person is or may be entitled to indemnification hereunder:

(a) give written notice to the Regional Counsel (Litigation Branch) of the Corporation in the manner and at the address provided in Section 13.7 of such claim as soon as practicable after such claim is made or threatened; provided, that notice must be given on or before the date which is six (6) years from the date of this Agreement;

(b) provide to the Receiver such information and cooperation with respect to such claim as the Receiver may reasonably require;

(c) cooperate and take all steps, as the Receiver may reasonably require, to preserve and protect any defense to such claim;

(d) in the event suit is brought with respect to such claim, upon reasonable prior notice, afford to the Receiver the right, which the Receiver may exercise in its sole discretion, to conduct the investigation, control the defense and effect settlement of such claim, including without limitation the right to designate counsel and to control all negotiations, litigation, arbitration, settlements, compromises and appeals of any such claim, all of which shall be at the expense of the Receiver; provided, that the Receiver shall have notified the Person claiming indemnification in writing that such claim is a claim with respect to which the Person claiming indemnification is entitled to indemnification under this Article XII;

(e) not incur any costs or expenses in connection with any response or suit with respect to such claim, unless such costs or expenses were incurred upon the written direction of the Receiver; provided, that the Receiver shall not be obligated to reimburse the amount of any such costs or expenses unless such costs or expenses were incurred upon the written direction of the Receiver;

(f) not release or settle such claim or make any payment or admission with respect thereto, unless the Receiver consents in writing thereto, which consent shall not be unreasonably withheld; provided, that the Receiver shall not be obligated to reimburse the amount of any such settlement or payment unless such settlement or payment was effected upon the written direction of the Receiver; and

(g) take reasonable action as the Receiver may request in writing as necessary to preserve, protect or enforce the rights of the indemnified Person against any Primary Indemnitor.

12.3 No Additional Warranty. Nothing in this Article XII shall be construed or deemed to (i) expand or otherwise alter any warranty or disclaimer thereof provided under Section 3.3 or any other provision of this Agreement with respect to, among other matters, the title, value, collectibility, genuineness, enforceability or condition of any (x) Asset, or (y) asset of the Failed Bank purchased by the Assuming Bank subsequent to the execution of this Agreement by the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank, or (ii) create any warranty not expressly provided under this Agreement with respect thereto.

12.4 Indemnification of Receiver and Corporation. From and after Bank Closing, the Assuming Bank agrees to indemnify and hold harmless the Corporation and the Receiver and their respective directors, officers, employees and agents from and against any and all costs, losses, liabilities, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any of the following:

(a) claims based on any and all liabilities or obligations of the Failed Bank assumed by the Assuming Bank pursuant to this Agreement or subsequent to the execution hereof by the Assuming Bank or any Subsidiary or Affiliate of the Assuming Bank, whether or not any such liabilities subsequently are sold and/or transferred, other than any claim based upon any action or

inaction of any Indemnatee as provided in paragraph (7) or (8) of Section 12.1(a); and

(b) claims based on any act or omission of any Indemnatee (including but not limited to claims of any Person claiming any right or title by or through the Assuming Bank with respect to Assets transferred to the Receiver pursuant to Section 3.4 or 3.6), other than any action or inaction of any Indemnatee as provided in paragraph (7) or (8) of Section 12.1(a).

12.5 Obligations Supplemental. The obligations of the Receiver, and the Corporation as guarantor in accordance with Section 12.7, to provide indemnification under this Article XII are to supplement any amount payable by any Primary Indemnitor to the Person indemnified under this Article XII. Consistent with that intent, the Receiver agrees only to make payments pursuant to such indemnification to the extent not payable by a Primary Indemnitor. If the aggregate amount of payments by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, and all Primary Indemnitors with respect to any item of indemnification under this Article XII exceeds the amount payable with respect to such item, such Person being indemnified shall notify the Receiver thereof and, upon the request of the Receiver, shall promptly pay to the Receiver, or the Corporation as appropriate, the amount of the Receiver's (or Corporation's) payments to the extent of such excess.

12.6 Criminal Claims. Notwithstanding any provision of this Article XII to the contrary, in the event that any Person being indemnified under this Article XII shall become involved in any criminal action, suit or proceeding, whether judicial, administrative or investigative, the Receiver shall have no obligation hereunder to indemnify such Person for liability with respect to any criminal act or to the extent any costs or expenses are attributable to the defense against the allegation of any criminal act, unless (i) the Person is successful on the merits or otherwise in the defense against any such action, suit or proceeding, or (ii) such action, suit or proceeding is terminated without the imposition of liability on such Person.

12.7 Limited Guaranty of the Corporation. The Corporation hereby guarantees performance of the Receiver's obligation to indemnify the Assuming Bank as set forth in this Article XII. It is a condition to the Corporation's obligation hereunder that the Assuming Bank shall comply in all respects with the applicable provisions of this Article XII. The Corporation shall be liable hereunder only for such amounts, if any, as the Receiver is obligated to pay under the terms of this Article XII but shall fail to pay. Except as otherwise provided above in this Section 12.7, nothing in this Article XII is intended or shall be construed to create any liability or obligation on the part of the Corporation, the United States of America or any department or agency thereof under or with respect to this Article XII, or any provision hereof, it being the intention of the parties hereto that the obligations undertaken by the Receiver under this Article XII are the sole and exclusive responsibility of the Receiver and no other Person or entity.

12.8 Subrogation. Upon payment by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, to any Indemnatee for any claims indemnified by the Receiver under this Article XII, the Receiver, or the Corporation as appropriate, shall become subrogated to all rights of the Indemnatee against any other Person to the extent of such payment.

ARTICLE XIII MISCELLANEOUS

13.1 Entire Agreement. This Agreement embodies the entire agreement of the parties hereto in relation to the subject matter herein and supersedes all prior understandings or agreements, oral or written, between the parties.

13.2 Headings. The headings and subheadings of the Table of Contents, Articles and Sections contained in this Agreement, except the terms identified for definition in Article I and elsewhere in this Agreement, are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

13.3 Counterparts. This Agreement may be executed in any number of counterparts and by the duly authorized representative of a different party hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

13.4 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE FEDERAL LAW OF THE UNITED STATES OF AMERICA, AND IN THE ABSENCE OF CONTROLLING FEDERAL LAW, IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE MAIN OFFICE OF THE FAILED BANK IS LOCATED.

13.5 Successors. All terms and conditions of this Agreement shall be binding on the successors and assigns of the Receiver, the Corporation and the Assuming Bank. Except as otherwise specifically provided in this Agreement, nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the Receiver, the Corporation and the Assuming Bank any legal or equitable right, remedy or claim under or with respect to this Agreement or any provisions contained herein, it being the intention of the parties hereto that this Agreement, the obligations and statements of responsibilities hereunder, and all other conditions and provisions hereof are for the sole and exclusive benefit of the Receiver, the Corporation and the Assuming Bank and for the benefit of no other Person.

13.6 Modification; Assignment. No amendment or other modification, rescission, release, or assignment of any part of this Agreement shall be effective except pursuant to a written agreement subscribed by the duly authorized representatives of the parties hereto.

13.7 Notice. Any notice, request, demand, consent, approval or other communication to any party hereto shall be effective when received and shall be given in writing, and delivered in person against receipt therefore, or sent by certified mail, postage prepaid, courier service, telex, facsimile transmission or email to such party (with copies as indicated below) at its address set forth below or at such other address as it shall hereafter furnish in writing to the other parties. All such notices and other communications shall be deemed given on the date received by the addressee.

Assuming Bank

OneWest Bank, FSB
888 East Walnut Street
Pasadena, California 91101-7211

Attention: Steven Mnuchin

with a copy to:

OneWest Bank, FSB
888 East Walnut Street
Pasadena, California 91101-7211

Attention: General Counsel

Receiver and Corporation

Federal Deposit Insurance Corporation,
Receiver of First Federal Bank of California, a Federal Savings Bank
1601 Bryan Street, Suite 1700
Dallas, Texas 75201

Attention: Settlement Manager

with copy to: Managing Counsel, FDIC, 40 Pacifica, Irvine, CA 92618

and with respect to notice under Article XII:

Federal Deposit Insurance Corporation
Receiver of First Federal Bank of California, a Federal Savings Bank
40 Pacifica
Irvine, CA 92618
Attention: Managing Counsel

13.8 Manner of Payment. All payments due under this Agreement shall be in lawful money of the United States of America in immediately available funds as each party hereto may specify to the other parties; provided, that in the event the Receiver or the Corporation is obligated to make any payment hereunder in the amount of \$25,000.00 or less, such payment may be made by check.

13.9 Costs, Fees and Expenses. Except as otherwise specifically provided herein, each party hereto agrees to pay all costs, fees and expenses which it has incurred in connection with or incidental to the matters contained in this Agreement, including without limitation any

fees and disbursements to its accountants and counsel; provided, that the Assuming Bank shall pay all fees, costs and expenses (other than attorneys' fees incurred by the Receiver) incurred in connection with the transfer to it of any Assets or Liabilities Assumed hereunder or in accordance herewith.

13.10 Waiver. Each of the Receiver, the Corporation and the Assuming Bank may waive its respective rights, powers or privileges under this Agreement; provided, that such waiver shall be in writing; and further provided, that no failure or delay on the part of the Receiver, the Corporation or the Assuming Bank to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege by the Receiver, the Corporation, or the Assuming Bank under this Agreement, nor will any such waiver operate or be construed as a future waiver of such right, power or privilege under this Agreement.

13.11 Severability. If any provision of this Agreement is declared invalid or unenforceable, then, to the extent possible, all of the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

13.12 Term of Agreement. This Agreement shall continue in full force and effect until the tenth (10th) anniversary of Bank Closing; provided, that the provisions of Section 6.3 and 6.4 shall survive the expiration of the term of this Agreement. Provided, however, the receivership of the Failed Bank may be terminated prior to the expiration of the term of this Agreement; in such event, the guaranty of the Corporation, as provided in and in accordance with the provisions of Section 12.7 shall be in effect for the remainder of the term. Expiration of the term of this Agreement shall not affect any claim or liability of any party with respect to any (i) amount which is owing at the time of such expiration, regardless of when such amount becomes payable, and (ii) breach of this Agreement occurring prior to such expiration, regardless of when such breach is discovered.

13.13 Survival of Covenants, Etc. The covenants, representations, and warranties in this Agreement shall survive the execution of this Agreement and the consummation of the transactions contemplated hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF FIRST FEDERAL BANK OF
CALIFORNIA, A FEDERAL SAVINGS BANK,
SANTA MONICA, CALIFORNIA**

BY: Cathleen Powers

NAME: Cathleen Powers

TITLE: Receiver-in-Charge

Attest:

[Signature]

FEDERAL DEPOSIT INSURANCE CORPORATION

BY: Cathleen Powers

NAME: Cathleen Powers

TITLE: Attorney-in-Fact

Attest:

[Signature]

ONEWEST BANK, FSB

BY: Terrence P. Laughlin

NAME: Terrence P. Laughlin

TITLE: CEO and President

Attest:

[Signature]

SCHEDULE 2.1 - Certain Liabilities Assumed by the Assuming Bank

INFORMATION TO BE PROVIDED POST BANK CLOSING.

SCHEDULE 3.1 - Certain Assets Purchased

SEE ATTACHED LIST

THE LIST(S) ATTACHED TO THIS SCHEDULE (OR SUBSCHEDULE(S)) AND THE INFORMATION THEREIN, IS AS OF THE DATE OF THE MOST RECENT PERTINENT DATA MADE AVAILABLE TO THE ASSUMING BANK AS PART OF THE INFORMATION PACKAGE. IT WILL BE ADJUSTED TO REFLECT THE COMPOSITION AND BOOK VALUE OF THE LOANS AND ASSETS AS OF THE DATE OF BANK CLOSING. THE LIST(S) MAY NOT INCLUDE ALL LOANS AND ASSETS (E.G., CHARGED OFF LOANS). THE LIST(S) MAY BE REPLACED WITH A MORE ACCURATE LIST POST CLOSING.

INFORMATION TO BE PROVIDED POST BANK CLOSING.

SCHEDULE 3.2 - Purchase Price of Assets or assets

(a)	cash and receivables from depository institutions, including cash items in the process of collection, plus interest thereon:	Book Value
(b)	securities (exclusive of the capital stock of Acquired Subsidiaries and FRB and FHLB stock), plus interest thereon:	As provided in Section 3.2(b)
(c)	federal funds sold and repurchase agreements, if any, including interest thereon:	Book Value
(d)	Loans:	Book Value
(e)	credit card business, if any, including all outstanding extensions of credit and offensive litigation, but excluding any class action lawsuits related to the credit card business:	Book Value
(f)	Safe Deposit Boxes and related business, safekeeping business and trust business, if any:	Book Value
(g)	Records and other documents:	Book Value
(h)	Other Real Estate	Book Value
(i)	boats, motor vehicles, aircraft, trailers, fire arms, repossessed collateral	Book Value
(j)	capital stock of any Acquired Subsidiaries and FRB and FHLB stock:	Book Value
(k)	amounts owed to the Failed Bank by any Acquired Subsidiary:	Book Value
(l)	assets securing Deposits of public money, to the extent not otherwise purchased hereunder:	Book Value

- | | | |
|-----|--|-------------------------------|
| (m) | Overdrafts of customers: | Book Value |
| (n) | rights, if any, with respect to Qualified Financial Contracts. | As provided in Section 3.2(c) |
| | | |
| (o) | rights of the Failed Bank to provide mortgage servicing for others and to have mortgage servicing provided to the Failed Bank by others and related contracts. | Book Value |

assets subject to an option to purchase:

- | | | |
|-----|--------------------------|-------------------|
| (a) | Bank Premises: | Fair Market Value |
| (b) | Furniture and Equipment: | Fair Market Value |
| (c) | Fixtures: | Fair Market Value |
| (d) | Other Equipment: | Fair Market Value |

SCHEDULE 3.5(1) – Excluded Securities

NONE IDENTIFIED AT THIS TIME.

SCHEDULE 4.15A

**LOANS SUBJECT TO LOSS SHARING UNDER THE
SINGLE FAMILY SHARED-LOSS AGREEMENT**

INFORMATION TO BE PROVIDED POST BANK CLOSING.

SCHEDULE 4.15B

**LOANS SUBJECT TO LOSS SHARING UNDER THE
NON-SINGLE FAMILY SHARED-LOSS AGREEMENT**

INFORMATION TO BE PROVIDED POST BANK CLOSING.

SCHEDULE 7 -Accounts Excluded from Calculation of Deposit Franchise Bid Premium

The accounts identified below will pass to the Assuming Bank (unless otherwise noted). When calculating the premium to be paid on Assumed Deposits in the Agreement, the FDIC will exclude the following categories of deposit accounts:

Category	Description	Number	Amount
I	All Brokered Deposits	50	577,072,560
II	CDARS		0
III	Marketplace (Online) Deposits	833	23,619,052
IV	Marketplace (Telemarketing) Deposits	342	57,248,818
<i>Total deposits excluded from Calculation of premium</i>		1,225	657,940,330

Category Description

I Brokered Deposits

Brokered deposit accounts are accounts for which the “depositor of record” is an agent, nominee, or custodian who deposits funds for a principal or principals to whom “pass-through” deposit insurance coverage may be extended. All brokered deposits pass to the Assuming Institution for this transaction, but will not be included in the deposit premium calculation. A list of the brokered deposits is attached.

II CDARS

CDARS deposits pass to the Assuming Bank, but are excluded from Assumed Deposits when the deposit premium is calculated. First Federal Bank of California, a FSB did not participate in the CDARS program as of the date of the deposit download. If CDARS deposits are taken between the date of the deposit download and the Bank Closing Date, they will be identified post closing and made part of Schedule 7 to the Agreement.

III Market Place Deposits

“Market Place Deposits” is a description given to deposits that may have been solicited via a money desk, internet subscription service (for example, Qwickrate), or similar programs. First Federal Bank of California, a FSB has Internet deposits and Money Desk/Telemarketing deposits as identified above. This list will be updated post closing with balances as of Bank Closing date.

This schedule provides account categories and balances as of September 25, 2009. More current deposit reports are also posted to the site for your convenience. The deposit franchise bid premium will be calculated using account categories and balances as of Bank Closing Date that are reflected in the general ledger or subsystem as described above. The final numbers for Schedule 7 will be provided post closing.

EXHIBIT 2.3A
FINAL NOTICE LETTER

FINAL LEGAL NOTICE
Claiming Requirements for Deposits
Under 12 U.S.C. 1822(e)

[Date]

[Name of Unclaimed Depositor]
[Address of Unclaimed Depositor]
[Anytown, USA]

Subject: **[XXXXXX – Name of Bank
City, State] – In Receivership**

Dear **[Sir/Madam]**:

As you may know, on **[Date: Closing Date]**, the **[Name of Bank (“The Bank”)]** was closed and the Federal Deposit Insurance Corporation (“FDIC”) transferred **[The Bank’s]** accounts to **[Name of Acquiring Institution]**.

According to federal law under 12 U.S.C., 1822(e), on **[Date: eighteen months from the Closing Date]**, **[Name of Acquiring Institution]** must transfer the funds in your account(s) back to the FDIC if you have not claimed your account(s) with **[Name of Acquiring Institution]**. Based on the records recently supplied to us by **[Name of Acquiring Institution]**, your account(s) currently fall into this category.

This letter is your formal Legal Notice that you have until **[Date: eighteen months from the Closing Date]**, to claim or arrange to continue your account(s) with **[Name of Acquiring Institution]**. There are several ways that you can claim your account(s) at **[Name of Acquiring Institution]**. It is only necessary for you to take any one of the following actions in order for your account(s) at **[Name of Acquiring Institution]** to be deemed claimed. In addition, if you have more than one account, your claim to one account will automatically claim all accounts:

1. Write to **[Name of Acquiring Institution]** and notify them that you wish to keep your account(s) active with them. Please be sure to include the name of the account(s), the account number(s), the signature of an authorized signer on the account(s), name, and address. **[Name of Acquiring Institution]** address is:

[123 Main Street

Anytown, USA]
2. Execute a new signature card on your account(s), enter into a new deposit agreement with **[Name of Acquiring Institution]**, change the ownership on your account(s), or renegotiate the terms of your certificate of deposit account(s) (if any).
3. Provide **[Name of Acquiring Institution]** with a change of address form.

4. Make a deposit to or withdrawal from your account(s). This includes writing a check on any account or having an automatic direct deposit credited to or an automatic withdrawal debited from an account.

If you do not want to continue your account(s) with **[Name of Acquiring Institution]** for any reason, you can withdraw your funds and close your account(s). Withdrawing funds from one or more of your account(s) satisfies the federal law claiming requirement. If you have time deposits, such as certificates of deposit, **[Name of Acquiring Institution]** can advise you how to withdraw them without being charged an interest penalty for early withdrawal.

If you do not claim ownership of your account(s) at **[Name of Acquiring Institution by Date: eighteen months from the Closing Date]** federal law requires **[Name of Acquiring Institution]** to return your deposits to the FDIC, which will deliver them as unclaimed property to the State indicated in your address in the Failed Institution's records. If your address is outside of the United States, the FDIC will deliver the deposits to the State in which the Failed Institution had its main office. 12 U.S.C. § 1822(e). If the State accepts custody of your deposits, you will have 10 years from the date of delivery to claim your deposits from the State. After 10 years you will be permanently barred from claiming your deposits. However, if the State refuses to take custody of your deposits, you will be able to claim them from the FDIC until the receivership is terminated. If you have not claimed your insured deposits before the receivership is terminated, and a receivership may be terminated at any time, all of your rights in those deposits will be barred.

If you have any questions or concerns about these items, please contact **[Bank Employee]** at **[Name of Acquiring Institution]** by phone at **[(XXX) XXX-XXXX]**.

Sincerely,

[Name of Claims Specialist]
[Title]

**EXHIBIT 2.3B
AFFIDAVIT OF MAILING**

AFFIDAVIT OF MAILING

State of

COUNTY OF

I am employed as a **[Title of Office]** by the **[Name of Acquiring Institution]**.

This will attest that on **[Date of mailing]**, I caused a true and correct copy of the Final Legal Notice, attached hereto, to owners of unclaimed deposits of **[Name of Failed Bank]**, City, State, to be prepared for deposit in the mail of the United States of America on behalf of the Federal Deposit Insurance Corporation. A list of depositors to whom the notice was mailed is attached. This notice was mailed to the depositor's last address as reflected on the books and records of the **[Name of Failed Bank]** as of the date of failure.

[Name]
[Title of Office]
[Name of Acquiring Institution]

Subscribed and sworn to before me this _____ day of [Month, Year].

My commission expires:

[Name], Notary Public

EXHIBIT 3.2(c) -- VALUATION OF CERTAIN QUALIFIED FINANCIAL CONTRACTS

A. Scope

Interest Rate Contracts - All interest rate swaps, forward rate agreements, interest rate futures, caps, collars and floors, whether purchased or written.

Option Contracts - All put and call option contracts, whether purchased or written, on marketable securities, financial futures, foreign currencies, foreign exchange or foreign exchange futures contracts.

Foreign Exchange Contracts - All contracts for future purchase or sale of foreign currencies, foreign currency or cross currency swap contracts, or foreign exchange futures contracts.

B. Exclusions

All financial contracts used to hedge assets and liabilities that are acquired by the Assuming Bank but are not subject to adjustment from Book Value.

C. Adjustment

The difference between the Book Value and market value as of Bank Closing.

D. Methodology

1. The price at which the Assuming Bank sells or disposes of Qualified Financial Contracts will be deemed to be the fair market value of such contracts, if such sale or disposition occurs at prevailing market rates within a predefined timetable as agreed upon by the Assuming Bank and the Receiver.
2. In valuing all other Qualified Financial Contracts, the following principles will apply:
 - (i) All known cash flows under swaps or forward exchange contracts shall be present valued to the swap zero coupon interest rate curve.
 - (ii) All valuations shall employ prices and interest rates based on the actual frequency of rate reset or payment.
 - (iii) Each tranche of amortizing contracts shall be separately valued. The total value of such amortizing contract shall be the sum of the values of its component tranches.

- (iv) For regularly traded contracts, valuations shall be at the midpoint of the bid and ask prices quoted by customary sources (e.g., The Wall Street Journal, Telerate, Reuters or other similar source) or regularly traded exchanges.
- (v) For all other Qualified Financial Contracts where published market quotes are unavailable, the adjusted price shall be the average of the bid and ask price quotes from three (3) securities dealers acceptable to the Receiver and Assuming Bank as of Bank Closing. If quotes from securities dealers cannot be obtained, an appraiser acceptable to the Receiver and the Assuming Bank will perform a valuation based on modeling, correlation analysis, interpolation or other techniques, as appropriate.

EXHIBIT 4.13
INTERIM ASSET SERVICING ARRANGEMENT

(a) With respect to each asset (or liability) designated from time to time by the Receiver to be serviced by the Assuming Bank pursuant to this Arrangement (such being designated as "Pool Assets"), during the term of this Arrangement, the Assuming Bank shall:

(i) Promptly apply payments received with respect to any Pool Assets;

(ii) Reverse and return insufficient funds checks;

(iii) Pay (A) participation payments to participants in Loans, as and when received; and (B) tax and insurance bills on Pool Assets as they come due, out of escrow funds maintained for purposes;

(iv) Maintain accurate records reflecting (A) the payment history of Pool Assets, with updated information received concerning changes in the address or identity of the obligors and (B) usage of data processing equipment and employee services with respect to servicing duties;

(v) Send billing statements to obligors on Pool Assets to the extent that such statements were sent by the Failed Bank;

(vi) Send notices to obligors who are in default on Loans (in the same manner as the Failed Bank);

(vii) Send to the Receiver, Attn: Managing Liquidator, at the address provided in Section 13.7 of the Agreement, via overnight delivery: (A) on a weekly basis, weekly reports for the Pool Assets, including, without limitation, reports reflecting collections and the trial balances, transaction journals and loan histories for Pool Assets having activity, together with copies of (1) checks received, (2) insufficient funds checks returned, (3) checks for payment to participants or for taxes and insurance, (4) pay-off requests, (5) notices to defaulted obligors, and (6) data processing and employee logs and (B) any other reports, copies or information as may be periodically or from time to time requested;

(viii) Remit on a weekly basis to the Receiver, Attn: Division of Finance, Cashier Unit, Operations, at the address in (vii), via wire transfer to the account designated by the Receiver, all payments received on Pool Assets managed by the Assuming Bank or at such time and place and in such manner as may be directed by the Receiver;

(ix) prepare and timely file all information reports with appropriate tax authorities, and, if required by the Receiver, prepare and file tax returns and pay taxes due on or before the due date, relating to the Pool Assets; and

(x) provide and furnish such other services, operations or functions as may be required with regard to Pool Assets, including, without limitation, as may be required with

regard to any business, enterprise or agreement which is a Pool Asset, all as may be required by the Receiver.

Notwithstanding anything to the contrary in this Section, the Assuming Bank shall not be required to initiate litigation or other collection proceedings against any obligor or any collateral with respect to any defaulted Loan. The Assuming Bank shall promptly notify the Receiver, at the address provided above in subparagraph (a)(vii), of any claims or legal actions regarding any Pool Asset.

(b) The Receiver agrees to reimburse the Assuming Bank for actual, reasonable and necessary expenses incurred in connection with the performance of duties pursuant to this Arrangement, including expenses of photocopying, postage and express mail, and data processing and employee services (based upon the number of hours spent performing servicing duties).

(c) The Assuming Bank shall provide the services described herein for an initial period of three hundred sixty five (365) days after Bank Closing. At the option of the Receiver, exercisable by notice given not later than ten (10) days prior to the end of such initial period or a renewal period, the Assuming Bank shall continue to provide such services for such renewal period(s) as designated by the Receiver, up to the Settlement Date.

(d) At any time during the term of this Arrangement, the Receiver may, upon written notice to the Assuming Bank, remove one or more Pool Assets from the Pool, at which time the Assuming Bank's responsibility with respect thereto shall terminate.

(e) At the expiration of this Agreement or upon the termination of the Assuming Bank's responsibility with respect to any Pool Asset pursuant to paragraph (d) hereof, the Assuming Bank shall:

(i) deliver to the Receiver (or its designee) all of the Credit Documents and Pool Records relating to the Pool Assets; and

(ii) cooperate with the Receiver to facilitate the orderly transition of managing the Pool Assets to the Receiver (or its designee).

(f) At the request of the Receiver, the Assuming Bank shall perform such transitional services with regard to the Pool Assets as the Receiver may request. Transitional services may include, without limitation, assisting in any due diligence process deemed necessary by the Receiver and providing to the Receiver or its designee(s) (x) information and data regarding the Pool Assets, including, without limitation, system reports and data downloads sufficient to transfer the Pool Assets to another system or systems, and (y) access to employees of the Assuming Bank involved in the management of, or otherwise familiar with, the Pool Assets.

EXHIBIT 4.15A

SINGLE FAMILY SHARED-LOSS AGREEMENT

This agreement for the reimbursement of loss sharing on certain single family residential mortgage loans (the “Single Family Shared-Loss Agreement”) shall apply when the Assuming Bank purchases Single Family Shared-Loss Loans as that term is defined herein. The terms hereof shall modify and supplement, as necessary, the terms of the Purchase and Assumption Agreement to which this Single Family Shared-Loss Agreement is attached as Exhibit 4.15A and incorporated therein. To the extent any inconsistencies may arise between the terms of the Purchase and Assumption Agreement and this Single Family Shared-Loss Agreement with respect to the subject matter of this Single Family Shared-Loss Agreement, the terms of this Single Family Shared-Loss Agreement shall control. References in this Single Family Shared-Loss Agreement to a particular Section shall be deemed to refer to a Section in this Single Family Shared-Loss Agreement, unless the context indicates that it is intended to be a reference to a Section of the Purchase and Assumption Agreement.

ARTICLE I -- DEFINITIONS

The capitalized terms used in this Single Family Shared-Loss Agreement that are not defined in this Single Family Shared-Loss Agreement are defined in the Purchase and Assumption Agreement. In addition to the terms defined above, defined below are certain additional terms relating to loss-sharing, as used in this Single Family Shared-Loss Agreement.

“**Accounting Records**” means the subsidiary system of record on which the loan history and balance of each Single Family Shared-Loss Loan is maintained; individual loan files containing either an original or copies of documents that are customary and reasonable with respect to loan servicing, including management and disposition of Other Real Estate; the records documenting alternatives considered with respect to loans in default or for which a default is reasonably foreseeable; records of loss calculations and supporting documentation with respect to line items on the loss calculations; and, monthly delinquency reports and other performance reports customarily utilized by the Assuming Bank in management of loan portfolios.

“**Accrued Interest**” means, with respect to Single Family Shared-Loss Loans, the amount of earned and unpaid interest at the note rate specified in the applicable loan documents, limited to 90 days.

“**Affiliate**” shall have the meaning set forth in the Purchase and Assumption Agreement; provided, that, for purposes of this Single Family Shared-Loss Agreement, no Third Party Servicer shall be deemed to be an Affiliate of the Assuming Bank.

“**Commencement Date**” means the first calendar day following the Bank Closing.

“**Commercial Shared-Loss Agreement**” means the Commercial and Other Assets Shared-Loss Agreement attached to the Purchase and Assumption Agreement as Exhibit

4.15B.

“Cumulative Loss Amount” means the sum of the Monthly Loss Amounts less the sum of all Recovery Amounts.

“Cumulative Servicing Amount” means the sum of the Period Servicing Amounts for every consecutive twelve-month period prior to and ending on the True-Up Measurement Date in respect of each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement is in effect.

“Cumulative Shared-Loss Amount” means the excess, if any, of the Cumulative Loss Amount over the First Loss Tranche.

“Cumulative Shared-Loss Payments” means (i) the aggregate of all of the payments made or payable to the Assuming Bank under the Shared-Loss Agreements minus (ii) the aggregate of all of the payments made or payable to the Receiver under the Shared-Loss Agreements.

“Customary Servicing Procedures” means procedures (including collection procedures) that the Assuming Bank (or, to the extent a Third Party Servicer is engaged, the Third Party Servicer) customarily employs and exercises in servicing and administering mortgage loans for its own accounts and the servicing procedures established by FNMA or FHLMC (as in effect from time to time), which are in accordance with accepted mortgage servicing practices of prudent lending institutions.

“Deficient Valuation” means the determination by a court in a bankruptcy proceeding that the value of the collateral is less than the amount of the loan in which case the loss will be the difference between the then unpaid principal balance (or the NPV of a modified loan that defaults) and the value of the collateral so established.

“Examination Criteria” means the loan classification criteria employed by, or any applicable regulations of, the Assuming Bank’s Chartering Authority at the time such action is taken, as such criteria may be amended from time to time.

“Home Equity Loans” means loans or funded portions of lines of credit secured by mortgages on one-to four-family residences or stock of cooperative housing associations, where the Failed Bank did not have a first lien on the same property as collateral.

“Final Shared-Loss Month” means the calendar month in which the tenth anniversary of the Commencement Date occurs.

“Final Shared-Loss Recovery Month” means the calendar month in which the tenth anniversary of the Commencement Date occurs.

“Foreclosure Loss” means the loss realized when the Assuming Bank has completed the foreclosure on a Single Family Shared-Loss Loan and realized final recovery on the collateral through liquidation and recovery of all insurance proceeds. Each Foreclosure Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2a or

Exhibit 2a(1).

“Investor-Owned Residential Loans” means Loans, excluding advances made pursuant to Home Equity Loans, that are secured by mortgages on one- to four family residences or stock of cooperative housing associations that are not owner-occupied. These loans can be treated as Restructured Loans on a commercially reasonable basis and can be a restructured under terms separate from the Exhibit 5 standards. Please refer to Exhibit 2b for guidance in Calculation of Loss for Restructured Loans.

“Loss” means a Foreclosure Loss, Restructuring Loss, Short Sale Loss, Portfolio Loss, Modification Default Loss or Deficient Valuation.

“Loss Amount” means the dollar amount of loss incurred and reported on the Monthly Certificate for a Single Family Shared-Loss Loan.

“Modification Default Loss” means the loss calculated in Exhibits 2a(1) and 2c(1) for single family loans modified under this part of the agreement that default and result in a foreclosure or short sale.

“Modification Guidelines” has the meaning provided in Section 2.1(a) of this Single Family Shared-Loss Agreement.

“Monthly Certificate” has the meaning provided in Section 2.1(b) of this Single Family Shared-Loss Agreement.

“Monthly Loss Amount” means the sum of all Foreclosure Losses, Restructuring Losses, Short Sale Losses, Portfolio Losses, Modification Default Losses and losses in connection with Deficient Valuations realized by the Assuming Bank for any Shared Loss Month.

“Monthly Shared-Loss Amount” means the change in the Cumulative Shared-Loss Amount from the beginning of each month to the end of each month.

“Neutral Member” has the meaning provided in Section 2. 1(f)(ii) of this Single Family Shared-Loss Agreement.

“Period Servicing Amount” means, for any twelve month period with respect to each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement are in effect, the product of (i) the simple average of the principal amount of Shared-Loss Loans and Shared-Loss Assets (other than the Shared-Loss Securities) (in each case as defined in the Shared-Loss Agreements), as the case may be, at the beginning of such period and at the end of such period times (ii) one percent (1%).

“Portfolio Loss” means the loss realized on either (i) a portfolio sale of Single Family Shared-Loss Loans in accordance with the terms of Article IV or (ii) the sale of a loan with the consent of the Receiver as provided in Section 2.7.

“Recovery Amount” means, with respect to any period prior to the Termination

Date, the amount of collected funds received by the Assuming Bank that (i) are applicable against a Foreclosure Loss which has previously been paid to the Assuming Bank by the Receiver or (ii) gains realized from a Section 4.1 sale of Single Family Shared-Loss Loans for which the Assuming Bank has previously received a Restructuring Loss payment from the Receiver (iii) or any incentive payments from national programs paid to an investor or borrower on loans that have been modified or otherwise treated (short sale or foreclosure) in accordance with Exhibit 5.

“Restructuring Loss” means the loss on a modified or restructured loan measured by the difference between (a) the principal, Accrued Interest, tax and insurance advances, third party or other fees due on a loan prior to the modification or restructuring, and (b) the net present value of estimated cash flows on the modified or restructured loan, discounted at the Then-Current Interest Rate. Each Restructuring Loss shall be calculated in accordance with the form and methodology attached as Exhibit 2b, as applicable.

“Restructured Loan” means a Single Family Shared-Loss Loan for which the Assuming Bank has received a Restructuring Loss payment from the Receiver. This applies to owner occupied and investor owned residences.

“Servicing Officer” has the meaning provided in Section 2.1(b) of this Single Family Shared-Loss Agreement.

“Shared Loss Payment Trigger” means when the sum of the Cumulative Loss Amount under this Single Family Shared-Loss Agreement and the Shared-Loss Amount under the Commercial and Other Assets Shared-Loss Agreement, exceeds the First Loss Tranche. If the First Loss Tranche is zero or a negative number, the Shared Loss Payment Trigger shall be deemed to have been reached upon Bank Closing.

“Shared-Loss Month” means each calendar month between the Commencement Date and the last day of the month in which the tenth anniversary of the Commencement Date occurs, provided that, the first Shared-Loss Month shall begin on the Commencement Date and end on the last day of that month.

“Short-Sale Loss” means the loss resulting from the Assuming Bank’s agreement with the mortgagor to accept a payoff in an amount less than the balance due on the loan (including the costs of any cash incentives to borrower to agree to such sale or to maintain the property pending such sale), further provided, that each Short-Sale Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2c or Exhibit 2c(1).

“Single Family Shared-Loss Loans” means the single family one-to-four residential mortgage loans (whether owned by the Assuming Bank or any Subsidiary) identified on Schedule 4.15A of the Purchase and Assumption Agreement.

“Stated Threshold” means total losses under the shared loss agreements in the amount of \$1,532,000,000.00.

“Termination Date” means the last day of the Final Shared-Loss Recovery Month.

“Then-Current Interest Rate” means the most recently published Freddie Mac survey rate for 30-year fixed-rate loans.

“Third Party Servicer” means any servicer appointed from time to time by the Assuming Bank or any Affiliate of the Assuming Bank to service the Shared-Loss Loans on behalf of the Assuming Bank, the identity of which shall be given to the Receiver prior to or concurrent with the appointment thereof.

ARTICLE II -- SHARED-LOSS ARRANGEMENT

2.1 Shared-Loss Arrangement.

(a) **Loss Mitigation and Consideration of Alternatives.** For each Single Family Shared-Loss Loan in default or for which a default is reasonably foreseeable, the Assuming Bank shall undertake reasonable and customary loss mitigation efforts, in accordance with any of the following programs selected by Assuming Bank in its sole discretion, Exhibit 5 (FDIC Mortgage Loan Modification Program), the United States Treasury's Home Affordable Modification Program Guidelines or any other modification program approved by the United States Treasury Department, the Corporation, the Board of Governors of the Federal Reserve System or any other governmental agency (it being understood that the Assuming Bank can select different programs for the various Single Family Shared-Loss Loans) (such program chosen, the “Modification Guidelines”). After selecting the applicable Modification Guideline for any such Single Family Shared-Loss Loan, the Assuming Bank shall document its consideration of foreclosure, loan restructuring under such Modification Guideline chosen, and short-sale (if short-sale is a viable option) alternatives and shall select the alternative the Assuming Bank believes, based on its estimated calculations, will result in the least Loss. Losses on Home Equity Loans shall be shared under the charge-off policies of the Assuming Bank's Examination Criteria as if they were Single Family Shared-Loss Loans with respect to the calculation of the Stated Threshold. Assuming Bank shall retain its calculations of the estimated loss under each alternative, such calculations to be provided to the Receiver upon request. For the avoidance of doubt and notwithstanding anything herein to the contrary, (i) the Assuming Bank is not required to modify or restructure any Single Family Shared-Loss Loan on more than one occasion and (ii) the Assuming Bank is not required to consider any alternatives with respect to any Shared-Loss Loan in the process of foreclosure as of the Bank Closing and shall be entitled to continue such foreclosure measures and recover the Foreclosure Loss as provided herein, and (iii) the Assuming Bank shall have a transition period of up to 90 days after Bank Closing to implement the Modification Guidelines, during which time, the Assuming Bank may submit claims under such guidelines as may be in place at the Failed Bank.

(b) **Monthly Certificates.**

Not later than fifteen (15) days after the end of each Shared-Loss Month, beginning with the month in which the Commencement Date occurs and ending in the month in which the tenth anniversary of the Commencement Date occurs, the Assuming Bank shall deliver to the Receiver a certificate, signed by an officer of the Assuming Bank involved in, or responsible for, the administration and servicing of the Single Family Shared-Loss Loans whose name appears on a list of servicing officers furnished by the Assuming Bank to the Receiver, (a

“Servicing Officer”) setting forth in such form and detail as the Receiver may reasonably specify (a “Monthly Certificate”):

- (i) (A) a schedule substantially in the form of Exhibit 1 listing:
 - (i) each Single Family Shared-Loss Loan for which a Loss Amount (calculated in accordance with the applicable Exhibit) is being claimed, the related Loss Amount for each Single Family Shared-Loss Loan, and the total Monthly Loss Amount for all Single Family Shared-Loss Loans;
 - (ii) each Single Family Shared-Loss Loan for which a Recovery Amount was received, the Recovery Amount for each Single Family Shared-Loss Loan, and the total Recovery Amount for all Single Family Shared-Loss Loans;
 - (iii) the total Monthly Loss Amount for all Single Family Shared-Loss Loans minus the total monthly Recovery Amount for all Single Family Shared-Loss Loans;
 - (iv) the Cumulative Shared-Loss Amount as of the beginning and end of the month;
 - (v) the Monthly Shared Loss Amount;
 - (vi) the result obtained in (v) times 80%, or times 95% if the Stated Threshold has been reached, which in either case is the amount to be paid under Section 2.1(d) of this Single Family Shared-Loss Agreement by the Receiver to the Assuming Bank if the amount is a positive number, or by the Assuming Bank to the Receiver if the amount is a negative number;
- (ii) (B) for each of the Single Family Shared-Loss Loans for which a Loss is claimed for that Shared-Loss Month, a schedule showing the calculation of the Loss Amount using the form and methodology shown in Exhibit 2a, Exhibit 2b, or Exhibit 2c, as applicable.
- (iii) (C) For each of the Restructured Loans where a gain or loss is realized in a sale under Section 4.1 or 4.2, a schedule showing the calculation using the form and methodology shown in Exhibit 2d.
- (iv) (D) a portfolio performance and summary schedule substantially in the form shown in Exhibit 3.

(c) **Monthly Data Download.** Not later than fifteen (15) days after the end of each month, beginning with the month in which the Commencement Date occurs and ending with the Final Shared-Loss Recovery Month, Assuming Bank shall provide Receiver:

- (v) (i) the servicing file in machine-readable format including but not limited to the following fields for each outstanding Single Family Shared-Loss Loan, as applicable:
 - (A) Loan number
 - (B) FICO score
 - (C) Origination date
 - (D) Original principal amount
 - (E) Maturity date
 - (F) Paid-to date
 - (G) Last payment date
 - (H) Loan status (bankruptcy, in foreclosure, etc.)
 - (I) Delinquency counters
 - (J) Current principal balance
 - (K) Current escrow account balance
 - (L) Current Appraisal/BPO value
 - (M) Current Appraisal/BPO date
 - (N) Interest rate
 - (O) Monthly principal and interest payment amount
 - (P) Monthly escrow payment for taxes and insurance
 - (Q) Interest rate type (fixed or adjustable)
 - (R) If adjustable: index, margin, next interest rate reset date
 - (S) Payment/Interest rate cap and/or floor
 - (T) Underwriting type (Full doc, Alt Doc, No Doc)
 - (U) Lien type (1st, 2nd)
 - (V) Amortization type (amortizing or I/O)
 - (W) Property address, including city, state, zip code
 - (X) A code indicating whether the Mortgaged Property is owner occupied
 - (Y) Property type (single-family detached, condominium, duplex, etc.)
- (vi) (ii) An Excel file for ORE held as a result of foreclosure on a Single Family Shared-Loss Loan listing:
 - (A) Foreclosure date
 - (B) Unpaid loan principal balance
 - (C) Appraised value or BPO value, as applicable
 - (D) Projected liquidation date

Notwithstanding the foregoing, the Assuming Bank shall not be required to provide any of the foregoing information to the extent it is unable to do so as a result of the Failed Bank's or Receiver's failure to provide information required to produce the information set forth in this Section 2.1(c); provided, that the Assuming Bank shall, consistent with Customary Servicing Procedures seek to produce any such missing information or improve any inaccurate information previously provided to it.

(d) **Payments With Respect to Shared-Loss Assets.**

(i) **Losses Under the Stated Threshold.** After the Shared Loss Payment Trigger is reached, not later than fifteen (15) days after the date on which the Receiver receives the Monthly Certificate, the Receiver shall pay to the Assuming Bank, in immediately available funds, an amount equal to eighty percent (80%) of the Monthly Shared-Loss Amount reported on the Monthly Certificate. If the total Monthly Shared-Loss Amount reported on the Monthly Certificate is a negative number, the Assuming Bank shall pay to the Receiver in immediately available funds eighty percent (80%) of that amount.

(ii) **Losses in Excess of the Stated Threshold.** In the event that the sum of the Cumulative Loss Amount under this Single Family Shared-Loss Agreement and the Stated Loss Amount under the Commercial Shared-Loss Agreement meets or exceeds the Stated Threshold, the loss/recovery sharing percentages set forth herein shall change from 80/20 to 95/5 and thereafter the Receiver shall pay to the Assuming Bank, in immediately available funds, an amount equal to ninety-five percent (95%) of the Monthly Shared-Loss Amount reported on the Monthly Certificate. If the Monthly Shared-Loss Amount reported on the Monthly Certificate is a negative number, the Assuming Bank shall pay to the Receiver in immediately available funds ninety-five percent (95%) of that amount.

(e) **Limitations on Shared-Loss Payment.** The Receiver shall not be required to make any payments pursuant to Section 2.1(d) with respect to any Foreclosure Loss, Restructuring Loss, Short Sale Loss or Portfolio Loss that the Receiver determines, based upon the criteria set forth in this Single Family Shared-Loss Agreement (including the analysis and documentation requirements of Section 2.1(a)) or Customary Servicing Procedures, should not have been effected by the Assuming Bank; provided, however, (x) the Receiver must provide notice to the Assuming Bank detailing the grounds for not making such payment, (y) the Receiver must provide the Assuming Bank with a reasonable opportunity to cure any such deficiency and (z) (1) to the extent curable, if cured, the Receiver shall make payment with respect to the properly effected Loss, and (2) to the extent not curable, notwithstanding the foregoing, the Receiver shall make a payment as to all Losses (or portion of Losses) that were effected which would have been payable as a Loss if the Assuming Bank had properly effected such Loss. In the event that the Receiver does not make any payment with respect to Losses claimed pursuant to Section 2.1(d), the Receiver and Assuming Bank shall, upon final resolution, make the necessary adjustments to the Monthly Shared-Loss Amount for that Monthly Certificate and the payment pursuant to Section 2.1(d) above shall be adjusted accordingly.

(f) **Payments by Wire-Transfer.** All payments under this Single Family Shared-Loss Agreement shall be made by wire-transfer in accordance with the wire-transfer instructions on Exhibit 4.

(g) **Payment in the Event Losses Fail to Reach Expected Level.** On the date that is 45 days following the last day (such day, the “True-Up Measurement Date”) of the calendar month in which the tenth anniversary of the calendar day following the Bank Closing occurs, the Assuming Bank shall pay to the Receiver fifty percent (50%) of the excess, if any, of (i) twenty percent (20%) of the Stated Threshold less (ii) the sum of (A) twenty-five percent (25%) of the asset premium (discount) plus (B) twenty-five percent (25%) of the Cumulative Shared-Loss Payments plus (C) the Cumulative Servicing Amount. The Assuming Bank shall deliver to the Receiver not later than 30 days following the True-Up Measurement Date, a

schedule, signed by an officer of the Assuming Bank, setting forth in reasonable detail the calculation of the Cumulative Shared-Loss Payments and the Cumulative Servicing Amount.

2.2 Auditor Report; Right to Audit.

(a) Within ninety (90) days after the end of each fiscal year during which the Receiver makes any payment to the Assuming Bank under this Single Family Shared-Loss Agreement, the Assuming Bank shall deliver to the Corporation and to the Receiver a report signed by its independent public accountants stating that they have reviewed the terms of this Single Family Shared-Loss Agreement and that, in the course of their annual audit of the Assuming Bank's books and records, nothing has come to their attention suggesting that any computations required to be made by the Assuming Bank during such year pursuant to this Article II were not made by the Assuming Bank in accordance herewith. In the event that the Assuming Bank cannot comply with the preceding sentence, it shall promptly submit to the Receiver corrected computations together with a report signed by its independent public accountants stating that, after giving effect to such corrected computations, nothing has come to their attention suggesting that any computations required to be made by the Assuming Bank during such year pursuant to this Article II were not made by the Assuming Bank in accordance herewith. In such event, the Assuming Bank and the Receiver shall make all such accounting adjustments and payments as may be necessary to give effect to each correction reflected in such corrected computations, retroactive to the date on which the corresponding incorrect computation was made. It is the intention of this provision to align the timing of the audit required under this Single-Family Shared-Loss Agreement with the examination audit required pursuant to 12 CFR Section 363.

(b) The Receiver or the FDIC in its corporate capacity ("Corporation") may perform an audit or audits to determine the Assuming Bank's compliance with the provisions of this Single Family Shared-Loss Agreement, including this Article II, by providing not less than ten (10) Business Days' prior written notice. Assuming Bank shall provide access to pertinent records and proximate working space in Assuming Bank's facilities. The scope and duration of any such audit shall be within the reasonable discretion of the Receiver or the Corporation, but shall in no event be administered in a manner that unreasonably interferes with the operation of the Assuming Bank's business. The Receiver or the Corporation, as the case may be, shall bear the expense of any such audit. In the event that any corrections are necessary as a result of such an audit or audits, the Assuming Bank and the Receiver shall make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

2.3 Withholdings. Notwithstanding any other provision in this Article II, the Receiver, upon the direction of the Director (or designee) of the Federal Deposit Insurance Corporation's Division of Resolutions and Receiverships, may withhold payment for any amounts included in a Monthly Certificate delivered pursuant to Section 2.1, if in its good faith and reasonable judgment there is a reasonable basis under the requirements of this Single Family Shared-Loss Agreement for denying the eligibility of an item for which reimbursement or payment is sought under such Section. In such event, the Receiver shall provide a written notice to the Assuming Bank detailing the grounds for withholding such payment. At such time as the Assuming Bank demonstrates to the satisfaction of the Receiver, in its reasonable judgment, that the grounds for such withholding of payment, or portion of payment, no longer exist or have

been cured, then the Receiver shall pay the Assuming Bank the amount withheld which the Receiver determines is eligible for payment, within fifteen (15) Business Days.

2.4 Books and Records. The Assuming Bank shall at all times during the term of this Single Family Shared-Loss Agreement keep books and records sufficient to ensure and document compliance with the terms of this Single Family Shared-Loss Agreement, including but not limited to (a) documentation of alternatives considered with respect to defaulted loans or loans for which default is reasonably foreseeable, (b) documentation showing the calculation of loss for claims submitted to the Receiver, (c) retention of documents that support each line item on the loss claim forms, and (d) documentation with respect to the Recovery Amount on loans for which the Receiver has made a loss-share payment

2.5 Information. The Assuming Bank shall promptly provide to the Receiver such other information, including but not limited to, financial statements, computations, and bank policies and procedures, relating to the performance of the provisions of this Single Family Shared-Loss Agreement, as the Receiver may reasonably request from time to time.

2.6 Tax Ruling. The Assuming Bank shall not at any time, without the Receiver's prior written consent, seek a private letter ruling or other determination from the Internal Revenue Service or otherwise seek to qualify for any special tax treatment or benefits associated with any payments made by the Receiver pursuant to this Single Family Shared-Loss Agreement.

2.7 Sale of Single Family Shared-Loss Loans. The Receiver shall be relieved of its obligations with respect to a Single Family Shared-Loss Loan upon payment of a Foreclosure Loss amount or a Short Sale Loss amount with respect to such Single Family Shared-Loss Loan or upon the sale of a Single Family Shared-Loss Loan by Assuming Bank to a person or entity that is not an Affiliate; provided, however, that if the Receiver consents to the sale of any such Single Family Shared-Loss Loan, any loss on such sale shall be a Portfolio Loss. The Assuming Bank shall provide the Receiver with timely notice of any such sale. Notwithstanding the foregoing, a sale of the Single Family Shared-Loss Loan, for purposes of this Section 2.7, shall not be deemed to have occurred as the result of (i) any change in the ownership or control of Assuming Bank or the transfer of any or all of the Single Family Shared-Loss Loan(s) to any Affiliate of Assuming Bank, (ii) a merger by Assuming Bank with or into any other entity, or (iii) a sale by Assuming Bank of all or substantially all of its assets.

ARTICLE III - RULES REGARDING THE ADMINISTRATION OF SINGLE FAMILY SHARED-LOSS LOANS

3.1 Agreement with Respect to Administration. The Assuming Bank shall (and shall cause any of its Affiliates to which the Assuming Bank transfers any Single Family Shared-Loss Loans to) manage, administer, and collect the Single Family Shared-Loss Loans while owned by the Assuming Bank or any Affiliate thereof during the term of this Single Family Shared-Loss Agreement in accordance with the rules set forth in this Article III. The Assuming Bank shall be responsible to the Receiver in the performance of its duties hereunder and shall provide to the Receiver such reports as the Receiver reasonably deems advisable, including but not limited to the reports required by Sections 2.1, 2.2 and 3.3 hereof, and shall permit the Receiver to monitor the Assuming Bank's performance of its duties hereunder.

3.2 Duties of the Assuming Bank. (a) In performance of its duties under this Article III, the Assuming Bank shall:

- (i) manage and administer each Single Family Shared-Loss Loan in accordance with Assuming Bank's usual and prudent business and banking practices and Customary Servicing Procedures;
- (ii) exercise its best business judgment in managing, administering and collecting amounts owed on the Single Family Shared-Loss Loans;
- (iii) use commercially reasonable efforts to maximize Recoveries with respect to Losses on Single Family Shared-Loss Loans without regard to the effect of maximizing collections on assets held by the Assuming Bank or any of its Affiliates that are not Single Family Shared-Loss Loans;
- (iv) retain sufficient staff (in Assuming Bank's discretion) to perform its duties hereunder; and
- (v) other than as provided in Section 2.1(a), comply with the terms of the Modification Guidelines for any Single Family Shared-Loss Loans meeting the requirements set forth therein. For the avoidance of doubt, the Assuming Bank may propose exceptions to Exhibit 5 (the FDIC Loan Modification Program) for a group of Loans with similar characteristics, with the objectives of (1) minimizing the loss to the Assuming Bank and the FDIC and (2) maximizing the opportunity for qualified homeowners to remain in their homes with affordable mortgage payments.

(b) Any transaction with or between any Affiliate of the Assuming Bank with respect to any Single Family Shared-Loss Loan including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Bank will manage, administer or collect any of the Single Family Shared-Loss Loans will be provided to FDIC for informational purposes and if such transaction is not entered into on an arm's length basis on commercially reasonable terms such transaction shall be subject to the prior written approval of the Receiver.

3.3 Shared-Loss Asset Records and Reports. The Assuming Bank shall establish and maintain such records as may be appropriate to account for the Single Family Shared-Loss Loans in such form and detail as the Receiver may reasonably require, and to enable the Assuming Bank to prepare and deliver to the Receiver such reports as the Receiver may from time to time request regarding the Single Family Shared-Loss Loans and the Monthly Certificates required by Section 2.1 of this Single Family Shared-Loss Agreement.

3.4 Related Loans.

(a) Assuming Bank shall use its best efforts to determine which loans are "Related Loans", as hereinafter defined. The Assuming Bank shall not manage, administer or collect any "Related Loan" in any manner that would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of the Single Family Shared-Loss Loan to which such loan is related. A "Related Loan" means any loan or extension of credit held by the Assuming Bank at any time on or prior to the end of the Final Shared-Loss Month that is made to an Obligor of a Single Family Shared-Loss Loan.

(b) The Assuming Bank shall prepare and deliver to the Receiver with the Monthly Certificates for the calendar months ending June 30 and December 31, a schedule of all Related Loans on the Accounting Records of the Assuming Bank as of the end of each such semi-annual period.

3.5 Legal Action; Utilization of Special Receivership Powers. The Assuming Bank shall notify the Receiver in writing (such notice to be given in accordance with Article V below and to include all relevant details) prior to utilizing in any legal action any special legal power or right which the Assuming Bank derives as a result of having acquired an asset from the Receiver, and the Assuming Bank shall not utilize any such power unless the Receiver shall have consented in writing to the proposed usage. The Receiver shall have the right to direct such proposed usage by the Assuming Bank and the Assuming Bank shall comply in all respects with such direction. Upon request of the Receiver, the Assuming Bank will advise the Receiver as to the status of any such legal action. The Assuming Bank shall immediately notify the Receiver of any judgment in litigation involving any of the aforesaid special powers or rights.

3.6 Third Party Servicer. The Assuming Bank may perform any of its obligations and/or exercise any of its rights under this Single Family Shared-Loss Agreement through or by one or more Third Party Servicers, who may take actions and make expenditures as if any such Third Party Servicer was the Assuming Bank hereunder (and, for the avoidance of doubt, such expenses incurred by any such Third Party Servicer on behalf of the Assuming Bank shall be included in calculating Losses to the extent such expenses would be included in such calculation if the expenses were incurred by Assuming Bank); provided, however, that the use thereof by the Assuming Bank shall not release the Assuming Bank of any obligation or liability hereunder.

ARTICLE IV – PORTFOLIO SALE

4.1 Assuming Bank Portfolio Sales of Remaining Single Family Shared-Loss Loans. The Assuming Bank shall have the right with the concurrence of the Receiver to liquidate for cash consideration, from time to time in one or more transactions, all or a portion of Single Family Shared-Loss Loans held by the Assuming Bank at any time prior to the Termination Date (“Portfolio Sales”). If the Assuming Bank exercises its option under this Section 4.1, it must give thirty (30) days notice in writing to the Receiver setting forth the details and schedule for the Portfolio Sale which shall be conducted by means of sealed bid sales to third parties, not including any of the Assuming Bank’s affiliates, contractors, or any affiliates of the Assuming Bank’s contractors. Sales of Restructured Loans shall be sold in a separate pool from Single Family Shared-Loss Loans not restructured. The Receiver’s review of the Assuming Bank’s proposed Portfolio Sale will be considered in a timely fashion and approval will not be unreasonably withheld, delayed or conditioned.

4.2 Assuming Bank’s Liquidation of Remaining Single Family Shared-Loss Loans. In the event that the Assuming Bank does not conduct a Portfolio Sale pursuant to Section 4.1, the Receiver shall have the right, exercisable in its sole and absolute discretion, to require the Assuming Bank to liquidate for cash consideration, any Single Family Shared-Loss Loans held by the Assuming Bank at any time after the date that is six months prior to the Termination Date. If the Receiver exercises its option under this Section 4.2, it must give notice in writing to the Assuming Bank, setting forth the time period within which the Assuming Bank

shall be required to liquidate the Single Family Shared-Loss Loans. The Assuming Bank will comply with the Receiver's notice and must liquidate the Single Family Shared-Loss Loans as soon as reasonably practicable by means of sealed bid sales to third parties, not including any of the Assuming Bank's affiliates, contractors, or any affiliates of the Assuming Bank's contractors. The selection of any financial advisor or other third party broker or sales agent retained for the liquidation of the remaining Single Family Shared-Loss Loans pursuant to this Section shall be subject to the prior approval of the Receiver, such approval not to be unreasonably withheld, delayed or conditioned.

4.3 Calculation of Sale Gain or Loss. For Single Family Shared-Loss Loans that are not Restructured Loans gain or loss on the sales under Section 4.1 or Section 4.2 will be calculated as the sale price received by the Assuming Bank less the unpaid principal balance of the remaining Single Family Shared-Loss Loans. For any Restructured Loan included in the sale gain or loss on sale will be calculated as (a) the sale price received by the Assuming Bank less (b) the net present value of estimated cash flows on the Restructured Loan that was used in the calculation of the related Restructuring Loss plus (c) Loan principal payments collected by the Assuming Bank from the date the Loan was restructured to the date of sale. (See Exhibit 2d for example calculation).

ARTICLE V -- LOSS-SHARING NOTICES GIVEN TO RECEIVER AND PURCHASER

All notices, demands and other communications hereunder shall be in writing and shall be delivered by hand, or overnight courier, receipt requested, addressed to the parties as follows:

If to Receiver, to:

Federal Deposit Insurance Corporation as Receiver
for First Federal Bank of California, a Federal
Savings Bank
Division of Resolutions and Receiverships
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Ralph Malami, Manager, Capital Markets

with a copy to:

Federal Deposit Insurance Corporation
as Receiver for First Federal Bank of California, a
Federal Savings Bank
Room E7056
3501 Fairfax Drive, Arlington, VA 2226
Attn: Special Issues Unit

With respect to a notice under Section 3.5 of this Single Family Shared-Loss Agreement, copies of such notice shall be sent to:

Federal Deposit Insurance Corporation
Legal Division
40 Pacifica
Irvine, California 92618

Attention: Managing Counsel

If to Assuming Bank, to:

OneWest Bank, FSB
888 East Walnut Street
Pasadena, California 91101-7211

Attention: Steven Mnuchin

with a copy to:

OneWest Bank, FSB
888 East Walnut Street
Pasadena, California 91101-7211

Attention: General Counsel

Such Persons and addresses may be changed from time to time by notice given pursuant to the provisions of this Article V. Any notice, demand or other communication delivered pursuant to the provisions of this Article V shall be deemed to have been given on the date actually received.

ARTICLE VI -- MISCELLANEOUS

6.1. Expenses. Except as otherwise expressly provided herein, all costs and expenses incurred by or on behalf of a party hereto in connection with this Single Family Shared-Loss Agreement shall be borne by such party whether or not the transactions contemplated herein shall be consummated.

6.2 Successors and Assigns; Specific Performance. All terms and provisions of this Single Family Shared-Loss Agreement shall be binding upon and shall inure to the benefit of the parties hereto only; provided, however, that, Receiver may assign or otherwise transfer this Single Family Shared-Loss Agreement (in whole or in part) to the Federal Deposit Insurance Corporation in its corporate capacity without the consent of Assuming Bank. Notwithstanding anything to the contrary contained in this Single Family Shared-Loss Agreement, except as is expressly permitted in this Section 6.2, Assuming Bank may not assign or otherwise transfer this Single Family Shared-Loss Agreement (in whole or in part) without the prior written consent of

the Receiver, which consent may be granted or withheld by the Receiver in its sole discretion, and any attempted assignment or transfer in violation of this provision shall be void *ab initio*. For the avoidance of doubt, a merger or consolidation of the Assuming Bank with and into another financial institution, the sale of all or substantially all of the assets of the Assuming Bank to another financial institution constitutes the transfer of this Single Family Shared-Loss Agreement which requires the consent of the Receiver; and for a period of thirty-six (36) months after Bank Closing, a merger or consolidation shall also include the sale by any individual shareholder, or shareholders acting in concert, of more than 9% of the outstanding shares of the Assuming Bank, or of its holding company, or of any subsidiary holding Shared-Loss Assets, or the sale of shares by the Assuming Bank or its holding company or any subsidiary holding Shared-Loss Assets, in a public or private offering, that increases the number of shares outstanding by more than 9%, constitutes the transfer of this Single Family Shared-Loss Agreement which requires the consent of the Receiver. However, no Loss shall be recognized as a result of any accounting adjustments that are made due to any such merger, consolidation or sale consented to by the FDIC. The FDIC's consent shall not be required if the aggregate outstanding principal balance of Shared-Loss Assets is less than twenty percent (20%) of the initial aggregate balance of Shared-Loss Assets.

6.3 Governing Law. This Single Family Shared-Loss Agreement shall be construed in accordance with federal law, or, if there is no applicable federal law, the laws of the State of New York, without regard to any rule of conflict of law that would result in the application of the substantive law of any jurisdiction other than the State of New York.

6.4 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATING TO OR IN CONNECTION WITH THIS SINGLE FAMILY SHARED-LOSS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

6.5 Captions. All captions and headings contained in this Single Family Shared-Loss Agreement are for convenience of reference only and do not form a part of, and shall not affect the meaning or interpretation of, this Single Family Shared-Loss Agreement.

6.6 Entire Agreement; Amendments. This Single Family Shared-Loss Agreement, along with the Commercial Shared-Loss Agreement and the Purchase and Assumption Agreement, including the Exhibits and any other documents delivered pursuant hereto or thereto, embody the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior representations, warranties, offers, acceptances, agreements and understandings, written or oral, relating to the subject matter herein. This Single Family Shared-Loss Agreement may be amended or modified or any provision thereof waived only by a written instrument signed by both parties or their respective duly authorized agents.

6.7 Severability. Whenever possible, each provision of this Single Family Shared-Loss Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Single Family Shared-Loss Agreement is held to be prohibited

by or invalid, illegal or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be prohibited, invalid, illegal or unenforceable, and the validity, legality and enforceability of the remainder of such provision and the remaining provisions of this Single Family Shared-Loss Agreement shall not in any way be affected or impaired thereby.

6.8 No Third Party Beneficiary. This Single Family Shared-Loss Agreement and the Exhibits hereto are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and permitted assigns and there shall be no other third party beneficiaries, and nothing in this Single Family Shared-Loss Agreement or the Exhibits shall be construed to grant to any other Person any right, remedy or Claim under or in respect of this Single Family Shared-Loss Agreement or any provision hereof.

6.9 Counterparts. This Single Family Shared-Loss Agreement may be executed separately by Receiver and Assuming Bank in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

6.10 Consent. Except as otherwise provided herein, when the consent of a party is required herein, such consent shall not be unreasonably withheld or delayed.

6.11 Rights Cumulative. Except as otherwise expressly provided herein, the rights of each of the parties under this Single Family Shared-Loss Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party's rights under the Purchase and Sale Agreement and any of the related agreements or under law. Except as otherwise expressly provided herein, any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of such rights, shall not operate as a waiver or variation of that or any other such right.

ARTICLE VII DISPUTE RESOLUTION

7.1 Dispute Resolution Procedures.

(a) In the event a dispute arises about the interpretation, application, calculation of Loss, or calculation of payments or otherwise with respect to this Single Family Shared-Loss Agreement ("SF Shared-Loss Dispute Item"), then the Receiver and the Assuming Bank shall make every attempt in good faith to resolve such items within sixty (60) days following the receipt of a written description of the SF Shared-Loss Dispute Item, with notification of the possibility of taking the matter to arbitration (the date on which such 60-day period expires, or any extension of such period as the parties hereto may mutually agree to in writing, herein called the "Resolution Deadline Date"). If the Receiver and the Assuming Bank resolve all such items to their mutual satisfaction by the Resolution Deadline Date, then within thirty (30) days following such resolution, any payment arising out such resolution shall be made arising from the settlement of the SF Shared-Loss Dispute.

(b) If the Receiver and the Assuming Bank fail to resolve any outstanding SF Shared-Loss Dispute Items by the Resolution Deadline Date, then either party may notify the other of its intent to submit the SF Shared-Loss Dispute Item to arbitration pursuant to the provisions of this Article VII. Failure of either party to notify the other of its intent to submit any unresolved SF Shared-Loss Dispute Item to arbitration within thirty (30) days following the Resolution Deadline Date (the date on which such thirty (30) day period expires is herein called the “Arbitration Deadline Date”) shall be deemed an acceptance of such SF Shared-Loss Dispute not submitted to arbitration, as well as a waiver of the submitting party’s right to dispute such non-submitted SF Shared-Loss Dispute Item but not a waiver of any similar claim which may arise in the future.

(c) If a SF Shared-Loss Dispute Item is submitted to arbitration, it shall be governed by the rules of the American Arbitration Association (the “AAA”), except as otherwise provided herein. Either party may submit a matter for arbitration by delivering a notice, prior to the Arbitration Deadline Date, to the other party in writing setting forth:

- (i) A brief description of each SF Shared-Loss Dispute Item submitted for arbitration;
- (ii) A statement of the moving party’s position with respect to each SF Shared-Loss Dispute Item submitted for arbitration;
- (iii) The value sought by the moving party, or other relief requested regarding each SF Shared-Loss Dispute Item submitted for arbitration, to the extent reasonably calculable; and
- (iv) The name and address of the arbiter selected by the moving party (the “Moving Arbiter”), who shall be a neutral, as determined by the AAA.

Failure to adequately include any information above shall not be deemed to be a waiver of the parties right to arbitrate so long as after notification of such failure the moving party cures such failure as promptly as reasonably practicable.

(d) The non-moving party shall, within thirty (30) days following receipt of a notice of arbitration pursuant to this Section 7.1, deliver a notice to the moving party setting forth:

- (i) The name and address of the arbiter selected by the non-moving party (the “Respondent Arbiter”), who shall be a neutral, as determined by the AAA;
- (ii) A statement of the position of the respondent with respect to each Dispute Item; and
- (iii) The ultimate resolution sought by the respondent or other relief, if any, the respondent deems is due the moving party with respect to each SF Shared-Loss Dispute Item.

Failure to adequately include any information above shall not be deemed to be a waiver of the non-moving party’s right to defend such arbitration so long as after notification of such failure the non-moving party cures such failure as promptly as reasonably practicable

(e) The Moving Arbiter and Respondent Arbiter shall select a third arbiter from a list furnished by the AAA. In accordance with the rules of the AAA, the three (3) arbiters shall

constitute the arbitration panel for resolution of each SF Loss-Share Dispute Item. The concurrence of any two (2) arbiters shall be deemed to be the decision of the arbiters for all purposes hereunder. The arbitration shall proceed on such time schedule and in accordance with the Rules of Commercial Arbitration of the AAA then in effect, as modified by this Section 7.1. The arbitration proceedings shall take place at such location as the parties thereto may mutually agree, but if they cannot agree, then they will take place at the offices of the Corporation in Washington, DC, or Arlington, Virginia.

(f) The Receiver and Assuming Bank shall facilitate the resolution of each outstanding SF Shared-Loss Dispute Item by making available in a prompt and timely manner to one another and to the arbiters for examination and copying, as appropriate, all documents, books, and records under their respective control and that would be discoverable under the Federal Rules of Civil Procedure.

(g) The arbiters designated pursuant to subsections (c), (d) and (e) hereof shall select, with respect to each Dispute Item submitted to arbitration pursuant to this Section 7.1, either (i) the position and relief submitted by the Assuming Bank with respect to each SF Shared-Loss Dispute Item, or (ii) the position and relief submitted by the Receiver with respect to each SF Shared-Loss Dispute Item, in either case as set forth in its respective notice of arbitration. The arbiters shall have no authority to select a value for each Dispute Item other than the determination set forth in Section 7.1(c) and Section 7.1(d). The arbitration shall be final, binding and conclusive on the parties.

(h) Any amounts ultimately determined to be payable pursuant to such award shall bear interest at the Settlement Interest Rate from and including the date specified for the arbiters decisions specified in this Section 7.1, without regard to any extension of the finality of such award, to but not including the date paid. All payments required to be made under this Section 7.1 shall be made by wire transfer.

(i) For the avoidance of doubt, to the extent any notice of a SF Shared-Loss Dispute Item(s) is provided prior to the Termination Date, the terms of this Single Family Shared-Loss Agreement shall remain in effect with respect to the Single Family Shared-Loss Loans that are the subject of such SF Shared-Loss Dispute Item(s) until such time as any such dispute is finally resolved.

7.2 Fees and Expenses of Arbiters. The aggregate fees and expenses of the arbiters shall be borne equally by the parties. The parties shall pay the aggregate fees and expenses within thirty (30) days after receipt of the written decision of the arbiters (unless the arbiters agree in writing on some other payment schedule).

Exhibit 1

Monthly Certificate

SEE FOLLOWING PAGE

Pursuant to Section 2.1 of the Single Family Shared-Loss Agreement, the undersigned hereby certifies the information on this Certificate is true, complete and correct.	
OFFICER SIGNATURE	
OFFICER NAME:	TITLE

Exhibit 2a

This exhibit contains three versions of the loss share calculation for foreclosure, plus explanatory notes.

Exhibit 2a(1)

CALCULATION OF FORECLOSURE LOSS

Foreclosure Occurred Prior to Loss Share Agreement

1	Shared-Loss Month	May-09
2	Loan no:	364574
3	REO #	621
4	Foreclosure date	12/18/08
5	Liquidation date	4/12/09
6	Note Interest rate	8.100%
7	Most recent BPO	228,000
8	Most recent BPO date	1/21/09
<u>Foreclosure Loss calculation</u>		
9	Book value at date of Loss Share agreement	244,900
Accrued interest, limited to 90 days or days from failure to sale, whichever is less		
10		3,306
Costs incurred after Loss Share agreement in place:		
12	Attorney's fees	0
Foreclosure costs, including title search, filing fees, advertising, etc.		
13		0
14	Property protection costs, maint. and repairs	6,500
15	Tax and insurance advances	0
Other Advances		
16	Appraisal/Broker's Price Opinion fees	0
17	Inspections	0
18	Other	0
19	Gross balance recoverable by Purchaser	254,706
<u>Cash Recoveries:</u>		
20	Net liquidation proceeds (from HUD-1 settl stmt)	219,400
21	Hazard Insurance proceeds	0
22	Mortgage Insurance proceeds	0
23	T & I escrow account balances, if positive	0
24	Other credits, if any (itemize)	0
25	Total Cash Recovery	219,400
26	Loss Amount	35,306

Exhibit 2a(2)
CALCULATION OF FORECLOSURE LOSS
No Preceding Loan Mod under Loss Share

1 Shared-Loss Month	May-09
2 Loan no:	292334
3 REO #	477
4 Interest paid-to-date	4/30/08
5 Foreclosure date	1/15/09
6 Liquidation date	4/12/09
7 Note Interest rate	8.000%
8 Owner occupied?	Yes
9 If owner-occupied:	
10 Borrower current gross annual income	42,000
11 Estimated NPV of loan mod	195,000
12 Most recent BPO	235,000
13 Most recent BPO date	1/21/09
<u>Foreclosure Loss calculation</u>	
16 Loan Principal balance after last paid installment	300,000
17 Accrued interest, limited to 90 days	6,000
18 Attorney's fees	0
Foreclosure costs, including title search, filing fees, advertising, etc.	4,000
20 Property protection costs, maint. and repairs	5,500
21 Tax and insurance advances	1,500
Other Advances	
22 Appraisal/Broker's Price Opinion fees	0
23 Inspections	50
24 Other	0
25 Gross balance recoverable by Purchaser	317,050
<u>Cash Recoveries:</u>	
26 Net liquidation proceeds (from HUD-1 settl stmt)	205,000
27 Hazard Insurance proceeds	0
28 Mortgage Insurance proceeds	0
29 T & I escrow account balances, if positive	0
30 Other credits, if any (itemize)	0
31 Total Cash Recovery	205,000
32 Loss Amount	112,050

Exhibit 2a(3)
CALCULATION OF FORECLOSURE LOSS
Foreclosure after a Covered Loan Mod

1	Shared-Loss Month	May-09
2	Loan no:	138554
3	REO #	843
4	Loan mod date	1/17/08
5	Interest paid-to-date	4/30/08
6	Foreclosure date	1/15/09
7	Liquidation date	4/12/09
8	Note Interest rate	4.000%
9	Most recent BPO	210,000
10	Most recent BPO date	1/20/09
<u>Foreclosure Loss calculation</u>		
11	NPV of projected cash flows at loan mod	285,000
12	Less: Principal payments between loan mod and delinquency	2,500
13	Plus:	
14	Attorney's fees	0
	Foreclosure costs, including title search, filing fees, advertising,	
15	etc.	4,000
16	Property protection costs, maint. and repairs	7,000
17	Tax and insurance advances	2,000
18	Other Advances	
19	Appraisal/Broker's Price Opinion fees	0
20	Inspections	0
21	Other	0
22	Gross balance recoverable by Purchaser	295,500
<u>Cash Recoveries:</u>		
23	Net liquidation proceeds (from HUD-1 settl stmt)	201,000
24	Hazard Insurance proceeds	0
25	Mortgage Insurance proceeds	0
26	T & I escrow account balances, if positive	0
27	Other credits, if any (itemize)	0
28	Total Cash Recovery	201,000
29	Loss Amount	94,500

Notes to Exhibit 2a (foreclosure)

1. The data shown are for illustrative purpose. The figures will vary for actual restructurings.
2. The covered loss is the difference between the gross balance recoverable by Purchaser and the total cash recovery. There are three methods of calculation for covered losses from foreclosures, depending upon the circumstances. They are shown below:
 - a. If foreclosure occurred prior to the beginning of the Loss Share agreement, use Exhibit 2a(1). This version uses the book value of the REO as the starting point for the covered loss.
 - b. If foreclosure occurred after the Loss Share agreement was in place, and if the loan was not restructured when the Loss Share agreement was in place, use Exhibit 2a(2). This version uses the unpaid balance of the loan as of the last payment as the starting point for the covered loss.
 - c. If the loan was restructured when the Loss Share agreement was in place, and then foreclosure occurred, use Exhibit 2a(3). This version uses the Net Present Value (NPV) of the modified loan as the starting point for the covered loss.
3. For Exhibit 2a(1), the gross balance recoverable by the purchaser is calculated as the sum of lines 9 – 18; it is shown in line 19. For Exhibit 2a(2), the gross balance recoverable by the purchaser is calculated as the sum of lines 16 – 24; it is shown in line 25. For Exhibit 2a(3), the gross balance recoverable by the purchaser is calculated as line 11 minus line 12 plus lines 13 – 21; it is shown in line 22.
4. For Exhibit 2a(1), the total cash recovery is calculated as the sum of lines 20 – 24; it is shown in line 25. For Exhibit 2a(2), the total cash recovery is calculated as the sum of lines 26 – 30; it is shown in line 31. For Exhibit 2a(3), the total cash recovery is calculated as the sum of lines 23 – 27; it is shown in line 28.
5. Reasonable and customary third party attorney's fees and expenses incurred by or on behalf of Assuming Bank in connection with any enforcement procedures, or otherwise with respect to such loan, are reported under Attorney's fees.
6. Assuming Bank's (or Third Party Servicer's) reasonable and customary out-of-pocket costs paid to either a third party or an affiliate (if affiliate is pre-approved by the FDIC) for foreclosure, property protection and maintenance costs, repairs, assessments, taxes, insurance and similar items are treated as part of the gross recoverable balance, to the extent they are not paid from funds in the borrower's escrow account. Allowable costs are limited to amounts per Freddie Mac and Fannie Mae guidelines (as in effect from time to time), where applicable, provided that this limitation shall not apply to costs or expenses relating to environmental conditions.
7. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Bank to the loan account, any allocation of Assuming Bank's servicing costs, or any allocations of Assuming Bank's general and administrative (G&A) or other operating costs.
8. If Exhibit 2a(3) is used, then no accrued interest may be included as a covered loss. Otherwise, the amount of accrued interest that may be included as a covered loss is limited to the minimum of:
 - a. 90 days
 - b. The number of days that the loan is delinquent when the property was sold

- c. The number of days between the resolution date and the date when the property was sold

To calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2b

This exhibit contains the loss share calculation for restructuring (loan mod), plus explanatory notes.

Exhibit 2b

CALCULATION OF RESTRUCTURING LOSS

1	Shared-Loss Month	May-09
2	Loan no:	123456
	<u>Loan before Restructuring</u>	
3	Original loan amount	500,000
4	Current unpaid principal balance	450,000
5	Remaining term	298
6	Interest rate	7.500%
7	Interest Paid-To-Date	2/29/08
8	Monthly payment - P&I	3,333
9	Monthly payment - T&I	1,000
10	Total monthly payment	4,333
11	Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)	Option ARM
12	Borrower current annual income	82,000
	<u>Terms of Modified/Restructured Loan</u>	
13	Closing date on modified/restructured loan	4/19/09
14	New Principal balance	461,438
15	Remaining term	313
16	Interest rate	3.500%
17	Monthly payment - P&I	1,346
18	Monthly payment - T&I	800
19	Total monthly payment	2,146
20	Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)	IO Hybrid
21	Lien type (1st, 2nd)	1st
	If adjustable:	
22	Initial interest rate	3.500%
23	Term - initial interest rate	60 Months
24	Initial payment amount	2,146
25	Term-initial payment amount	60 Months
26	Negative amortization?	No
27	Rate reset frequency after first adjustment	6 Months
28	Next reset date	5/1/14
29	Index	LIBOR
30	Margin	2.750%
31	Cap per adjustment	2.000%
32	Lifetime Cap	9.500%
33	Floor	2.750%
34	Front end DTI	31%
35	Back end DTI	45%
	Restructuring Loss Calculation	
36	Loan Principal balance before restructuring	450,000
37	Accrued interest, limited to 90 days	8,438
38	Tax and insurance advances	3,000
39	3rd party fees due	-
40	Total loan balance due before restructuring	461,438
	Assumptions for NPV Calculation, Restructured Loan:	
41	Discount rate for projected cash flows	5.530%
42	Loan prepayment in full	120 Months
43	NPV of projected cash flows	403,000
44	Loss Amount	58,438

Notes to Exhibit 2b (restructuring)

1. The data shown are for illustrative purpose. The figures will vary for actual restructurings.
2. For purposes of loss sharing, losses on restructured loans are calculated as the difference between:
 - a. The principal, accrued interest, advances due on the loan, and allowable 3rd party fees prior to restructuring (lines 36-39), and
 - b. The Net Present Value (NPV) of the estimated cash flows (line 43). The cash flows should assume no default or prepayment for 10 years, followed by prepayment in full at the end of 10 years (120 months).
3. For owner-occupied residential loans, the NPV is calculated using the most recently published Freddie Mac survey rate on 30-year fixed rate loans as of the restructure date.
4. For investor owned or non-owner occupied residential loans, the NPV is calculated using commercially reasonable rate on 30-year fixed rate loans as of the restructure date.
5. If the new loan is an adjustable-rate loan, interest rate resets and related cash flows should be projected based on the index rate in effect at the date of the loan restructuring. If the restructured loan otherwise provides for specific charges in monthly P&I payments over the term of the loan, those changes should be reflected in the projected cash flows. Assuming Bank must retain supporting schedule of projected cash flows as required by Section 2.1 of the Single Family Shared-Loss Agreement and provide it to the FDIC if requested for a sample audit.
6. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Bank to the loan account, any allocation of Assuming Bank's servicing costs, or any allocations of Assuming Bank's general and administrative (G&A) or other operating costs.
7. The amount of accrued interest that may be added to the balance of the loan is limited to the minimum of:
 - a. 90 days
 - b. The number of days that the loan is delinquent at the time of restructuring
 - c. The number of days between the resolution date and the restructuringTo calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2c

This exhibit contains two versions of the loss share calculation for short sales, plus explanatory notes.

Exhibit 2c(1)

CALCULATION OF LOSS FOR SHORT SALE LOANS

No Preceding Loan Mod under Loss Share

1 Shared-Loss Month:	May-09
2 Loan #	58776
3 RO #	542
4 Interest paid-to-date	7/31/08
5 Short Payoff Date	4/17/09
6 Note Interest rate	7.750%
7 Owner occupied?	Yes
If so:	
8 Borrower current gross annual income	38,500
9 Estimated NPV of loan mod	200,000
10 Most recent BPO	380,000
11 Most recent BPO date	1/31/06
<u>Short-Sale Loss calculation</u>	
12 Loan Principal balance	375,000
13 Accrued interest, limited to 90 days	7,266
14 Attorney's fees	0
15 Tax and insurance advances	0
16 3rd party fees due	2,800
17 Incentive to borrower	2,000
18 Gross balance recoverable by Purchaser	387,066
19 Amount accepted in Short-Sale	255,000
20 Hazard Insurance	0
21 Mortgage Insurance	0
22 Total Cash Recovery	255,000
23 Loss Amount	132,066

Exhibit 2c(2)
CALCULATION OF LOSS FOR SHORT SALE LOANS
Short Sale after a Covered Loan Mod

1 Shared-Loss Month:	May-09
2 Loan #	20076
3 REO #	345
4 Loan mod date	5/12/08
5 Interest paid-to-date	9/30/08
6 Short Payoff Date	4/2/09
7 Note Interest rate	7.500%
8 Most recent BPO	230,000
9 Most recent BPO date	1/21/09
<u>Short-Sale Loss calculation</u>	
11 NPV of projected cash flows at loan mod	311,000
12 Less: Principal payments between loan mod and delinquency	1,000
Plus:	
13 Attorney's fees	0
14 Tax and insurance advances	1,500
15 3rd party fees due	2,600
16 Incentive to borrower	3,500
17 Gross balance recoverable by Purchaser	317,600
18 Amount accepted in Short-Sale	234,000
19 Hazard Insurance	0
20 Mortgage Insurance	0
21 Total Cash Recovery	234,000
22 Loss Amount	83,600

Notes to Exhibit 2c (short sale)

1. The data shown are for illustrative purpose. The figures will vary for actual short sales.
2. The covered loss is the difference between the gross balance recoverable by Purchaser and the total cash recovery. There are two methods of calculation for covered losses from short sales, depending upon the circumstances. They are shown below:
 - a. If the loan was restructured when the Loss Share agreement was in place, and then the short sale occurred, use Exhibit 2c(2). This version uses the Net Present Value (NPV) of the modified loan as the starting point for the covered loss.
 - b. Otherwise, use Exhibit 2c(1). This version uses the unpaid balance of the loan as of the last payment as the starting point for the covered loss.
3. For Exhibit 2c(1), the gross balance recoverable by the purchaser is calculated as the sum of lines 12 – 17; it is shown in line 18. For Exhibit 2a(2), the gross balance recoverable by the purchaser is calculated as line 11 minus line 12 plus lines 13 – 16; it is shown in line 17.
4. For Exhibit 2c(1), the total cash recovery is calculated as the sum of lines 19 – 21; it is shown in line 22. For Exhibit 2c(2), the total cash recovery is calculated as the sum of lines 18 – 20; it is shown in line 21.
5. Reasonable and customary third party attorney's fees and expenses incurred by or on behalf of Assuming Bank in connection with any enforcement procedures, or otherwise with respect to such loan, are reported under Attorney's fees.
6. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Bank to the loan account, any allocation of Assuming Bank's servicing costs, or any allocations of Assuming Bank's general and administrative (G&A) or other operating costs.
7. If Exhibit 2c(2) is used, then no accrued interest may be included as a covered loss. Otherwise, the amount of accrued interest that may be included as a covered loss is limited to the minimum of:
 - d. 90 days
 - e. The number of days that the loan is delinquent when the property was sold
 - f. The number of days between the resolution date and the date when the property was sold

To calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2d

Shared-Loss Month:		[input month]	
Loan no.:		[input loan no.]	
NOTE			
The calculation of recovery on a loan for which a Restructuring Loss has been paid will only apply if the loan is sold.			
<u>EXAMPLE CALCULATION</u>			
<u>Restructuring Loss Information</u>			
Loan principal balance before restructuring		\$ 200,000	A
NPV, restructured loan		<u>165,000</u>	B
Loss on restructured loan		\$ 35,000	A – B
Times FDIC applicable loss share % (80% or 95%)		80%	
Loss share payment to purchaser		\$ 28,000	C
<u>Calculation – Recovery amount due to Receiver</u>			
Loan sales price		\$ 190,000	
NPV of restructured loan at mod date		<u>165,000</u>	
Gain - step 1		<u>25,000</u>	D
PLUS			
Loan UPB after restructuring	(1)	200,000	
Loan UPB at liquidation date		<u>192,000</u>	
Gain - step 2 (principal collections after restructuring)		<u>8,000</u>	E
Recovery amount		33,000	D + E
Times FDIC loss share %		80%	
Recovery due to FDIC		\$ 26,400	F
Net loss share paid to purchaser (C – F)		\$ 1,600	
<u>Proof Calculation</u>	(2)		
Loan principal balance		<u>\$ 200,000</u>	G
Principal collections on loan		8,000	
Sales price for loan		<u>190,000</u>	
Total collections on loan		<u>198,000</u>	H
Net loss on loan		\$ 2,000	G – H
Times FDIC applicable loss share % (80% or 95%)		80%	
Loss share payment to purchaser		\$ 1,600	
(1) This example assumes that the FDIC loan modification program as shown in Exhibit 5 is applied and the loan restructuring does not result in a reduction in the loan principal balance due from the borrower.			
(2) This proof calculation is provided to illustrate the concept and the Assuming Bank is not required to provide this with its Recovery calculations.			

Exhibit 3
Portfolio Performance and Summary Schedule

SHARED-LOSS LOANS				
PORTFOLIO PERFORMANCE AND SUMMARY SCHEDULE				
MONTH ENDED:	[input report month]			
<u>POOL SUMMARY</u>				
	<u>#</u>	<u>\$</u>		
Loans at Sale Date	<u>XX</u>	<u>XX</u>		
Loans as of this month-end	<u>XX</u>	<u>XX</u>		
<u>STATED THRESHOLD TRACKING</u>				
	<u>#</u>	<u>\$</u>		
Stated Threshold amount				A
Cumulative loss payments, prior month				
Loss payment for current month				
Cumulative loss payment, this month				
Cumulative Commercial & Other Loans Net Charge-Offs				
				B
Remaining to Stated Threshold				A - B
				Percent of Total
<u>PORTFOLIO PERFORMANCE STATUS</u>	<u>#</u>	<u>\$</u>		<u>#</u>
Current				
30 – 59 days past due				
60 – 89 days past due				
90 – 119 days past due				
120 and over days past due				
In foreclosure				
ORE				
Total				
<u>Memo Item:</u>				
Loans in process of restructuring – total				
Loans in bankruptcy				
<u>Loans in process of restructuring by delinquency status</u>				
Current				
30 - 59 days past due				
60 - 89 days past due				
90 - 119 days past due				
120 and over days past due In foreclosure				
Total				

List of Loans Paid Off During Month				
<u>Loan #</u>	<u>Principal Balance</u>			
List of Loans Sold During Month				
<u>Loan #</u>	<u>Principal Balance</u>			

Exhibit 4
Wire Transfer Instructions

PURCHASER WIRING INSTRUCTIONS

BANK RECEIVING WIRE	
9 DIGIT ABA ROUTING NUMBER	
ACCOUNT NUMBER	
NAME OF ACCOUNT	
ATTENTION TO WHOM	
PURPOSE OF WIRE	
FDIC RECEIVER WIRING INSTRUCTIONS	
BANK RECEIVING WIRE	
SHORT NAME	
ADDRESS OF BANK RECEIVING WIRE	
9 DIGIT ABA ROUTING NUMBER	
ACCOUNT NUMBER	
NAME OF ACCOUNT	
ATTENTION TO WHOM	
PURPOSE OF WIRE	

EXHIBIT 5

FDIC MORTGAGE LOAN MODIFICATION PROGRAM

Objective

The objective of this FDIC Mortgage Loan Modification Program (“Program”) is to modify the terms of certain residential mortgage loans so as to improve affordability, increase the probability of performance, allow borrowers to remain in their homes and increase the value of the loans to the FDIC and assignees. The Program provides for the modification of Qualifying Loans (as defined below) by reducing the borrower’s monthly housing debt to income ratio (“DTI Ratio”) to no more than 31% at the time of the modification and eliminating adjustable interest rate and negative amortization features.

Qualifying Mortgage Loans

In order for a mortgage loan to be a Qualifying Loan it must meet all of the following criteria, which must be confirmed by the lender:

- The collateral securing the mortgage loan is owner-occupied and the owner’s primary residence; and
- The mortgagor has a first priority lien on the collateral; and
- Either the borrower is at least 60 days delinquent or a default is reasonably foreseeable.

Modification Process

The lender shall undertake a review of its mortgage loan portfolio to identify Qualifying Loans. For each Qualifying Loan, the lender shall determine the net present value of the modified loan and, if it will exceed the net present value of the foreclosed collateral upon disposition, then the Qualifying Loan shall be modified so as to reduce the borrower’s monthly DTI Ratio to no more than 31% at the time of the modification. To achieve this, the lender shall use a combination of interest rate reduction, term extension and principal forbearance, as necessary.

The borrower’s monthly DTI Ratio shall be a percentage calculated by dividing the borrower’s monthly income by the borrower’s monthly housing payment (including principal, interest, taxes and insurance). For these purposes, (1) the borrower’s monthly income shall be the amount of the borrower’s (along with any co-borrowers’) documented and verified gross monthly income, and (2) the borrower’s monthly housing payment shall be the amount required to pay monthly principal and interest plus one-twelfth of the then current annual amount required to pay real property taxes and homeowner’s insurance with respect to the collateral.

In order to calculate the monthly principal payment, the lender shall capitalize to the outstanding principal balance of the Qualifying Loan the amount of all delinquent interest, delinquent taxes, past due insurance premiums, third party fees and (without duplication) escrow advances (such amount, the “Capitalized Balance”).

In order to achieve the goal of reducing the DTI Ratio to 31%, the lender shall take the following steps in the following order of priority with respect to each Qualifying Loan:

1. Reduce the interest rate to the then current Freddie Mac Survey Rate for 30-year fixed rate mortgage loans, and adjust the term to 30 years.
2. If the DTI Ratio is still in excess of 31%, reduce the interest rate further, but no lower than 3%, until the DTI ratio of 31% is achieved.
3. If the DTI Ratio is still in excess of 31% after adjusting the interest rate to 3%, extend the remaining term of the loan by 10 years.
4. If the DTI Ratio is still in excess of 31%, calculate a new monthly payment (the "Adjusted Payment Amount") that will result in the borrower's monthly DTI Ratio not exceeding 31%. After calculating the Adjusted Payment Amount, the lender shall bifurcate the Capitalized Balance into two portions – the amortizing portion and the non-amortizing portion. The amortizing portion of the Capitalized Balance shall be the mortgage amount that will fully amortize over a 40-year term at an annual interest rate of 3% and monthly payments equal to the Adjusted Payment Amount. The non-amortizing portion of the Capitalized Balance shall be the difference between the Capitalized Balance and the amortizing portion of the Capitalized Balance. If the amortizing portion of the Capitalized Balance is less than 75% of the current estimated value of the collateral, then the lender may choose not to restructure the loan. If the lender chooses to restructure the loan, then the lender shall forbear on collecting the non-amortizing portion of the Capitalized Balance, and such amount shall be due and payable only upon the earlier of (i) maturity of the modified loan, (ii) a sale of the property or (iii) a pay-off or refinancing of the loan. No interest shall be charged on the non-amortizing portion of the Capitalized Balance, but repayment shall be secured by a first lien on the collateral.

Special Note:

The net present value calculation used to determine whether a loan should be modified based on the modification process above is distinct and different from the net present value calculation used to determine the covered loss if the loan is modified. Please refer only to the net present value calculation described in this exhibit for the modification process, with its separate assumptions, when determining whether to provide a modification to a borrower. Separate assumptions may include, without limitation, Assuming Bank's determination of a probability of default without modification, a probability of default with modification, home price forecasts, prepayment speeds, and event timing. These assumptions are applied to different projected cash flows over the term of the loan, such as the projected cash flow of the loan performing or defaulting without modification and the projected cash flow of the loan performing or defaulting with modification.

By contrast, the net present value for determining the covered loss is based on a 10 year period. While the assumptions in the net present value calculation used in the modification process may change, the net present value calculation for determining the covered loss remains constant.

EXHIBIT 4.15B

COMMERCIAL AND OTHER ASSETS SHARED-LOSS AGREEMENT

This agreement for reimbursement of loss sharing expenses on certain loans and other assets (the “Commercial Shared-Loss Agreement”) shall apply when the Assuming Bank purchases Shared-Loss Assets as that term is defined herein. The terms hereof shall modify and supplement, as necessary, the terms of the Purchase and Assumption Agreement to which this Commercial Shared-Loss Agreement is attached as Exhibit 4.15B and incorporated therein. To the extent any inconsistencies may arise between the terms of the Purchase and Assumption Agreement and this Commercial Shared-Loss Agreement with respect to the subject matter of this Commercial Shared-Loss Agreement, the terms of this Commercial Shared-Loss Agreement shall control. References in this Commercial Shared-Loss Agreement to a particular Section shall be deemed to refer to a Section in this Commercial Shared-Loss Agreement unless the context indicates that a Section of the Purchase and Assumption Agreement is intended.

ARTICLE I -- DEFINITIONS

Capitalized terms used in this Commercial Shared-Loss Agreement that are not defined in this Commercial Shared-Loss Agreement are defined in the Purchase and Assumption Agreement. In addition to the terms defined above, defined below are certain additional terms relating to loss-sharing, as used in this Commercial Shared-Loss Agreement.

“**AAA**” means the American Arbitration Association as provided in Section 2.1(f)(iii) of this Commercial Shared-Loss Agreement.

“**Accrued Interest**” means, with respect to any Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance at any time, the amount of earned and unpaid interest, taxes, credit life and/or disability insurance premiums (if any) payable by the Obligor accrued on or with respect to such Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance, all as reflected on the Accounting Records of the Failed Bank or the Assuming Bank (as applicable); provided, that Accrued Interest shall not include any amount that accrues on or with respect to any Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance after that Asset has been placed on non-accrual or nonperforming status by either the Failed Bank or the Assuming Bank (as applicable).

“**Additional ORE**” means Shared-Loss Loans that become Other Real Estate after Bank Closing Date.

“**Affiliate**” shall have the meaning set forth in the Purchase and Assumption Agreement; provided, that, for purposes of this Commercial Shared-Loss Agreement, no Third Party Servicer shall be deemed to be an Affiliate of the Assuming Bank.

“**Applicable Anniversary of the Commencement Date**” means the fifth (5th) anniversary of the Commencement Date.

“Calendar Quarter” means a quarterly period (a) for the first such period, beginning on the Commencement Date and ending on the last calendar day of either March, June, September or December, whichever is the first to occur after the Commencement Date, and (b) for quarterly periods thereafter, beginning on the first calendar day of the calendar month immediately after the month that ended the prior period and ending on the last calendar day of each successive three-calendar-month period thereafter (i.e., each March, June, September and December, starting in the applicable order depending on the ending date of first such period) of any year.

“Capitalized Expenditures” means those expenditures that (i) would be capitalized under generally accepted accounting principles, and (ii) are incurred with respect to Shared-Loss Loans, Other Real Estate, Additional ORE or Subsidiary ORE. Capitalized Expenditures shall not include expenses related to environmental conditions including, but not limited to, remediation, storage or disposal of any hazardous or toxic substances or any pollutant or contaminant.

“Charge-Offs” means, with respect to any Shared-Loss Assets for any period, an amount equal to the aggregate amount of loans or portions of loans classified as “Loss” under the Examination Criteria, including (a) charge-offs of (i) the principal amount of such assets net of unearned interest (including write-downs associated with Other Real Estate, Additional ORE, Subsidiary ORE or loan modification(s)) (ii) Accrued Interest, and (iii) Capitalized Expenditures plus (b) Pre-Charge-Off Expenses incurred on the respective Shared-Loss Loans, all as effected by the Assuming Bank during such period and reflected on the Accounting Records of the Assuming Bank; provided, that: (i) the aggregate amount of Accrued Interest (including any reversals thereof) for the period after Bank Closing that shall be included in determining the amount of Charge-Offs for any Shared-Loss Loan shall not exceed ninety (90) days’ Accrued Interest; (ii) no Charge-Off shall be taken with respect to any anticipated expenditure by the Assuming Bank until such expenditure is actually incurred; (iii) any financial statement adjustments made in connection with the purchase of any Assets pursuant to this Purchase and Assumption Agreement or any future purchase, merger, consolidation or other acquisition of the Assuming Bank shall not constitute “Charge-Offs”; and (iv) except for Portfolio Sales or any other sales or dispositions consented to by the Receiver, losses incurred on the sale or other disposition of Shared-Loss Assets to any Person (other than the sale or other disposition of Other Real Estate, Additional ORE or Subsidiary ORE to a Person other than an Affiliate of the Assuming Bank which is conducted in a commercially reasonable and prudent manner) shall not constitute Charge-Offs.

“Commencement Date” means the first calendar day following Bank Closing.

“Consumer Loans” means Loans to individuals for household, family and other personal expenditures (including United States and/or State-guaranteed student loans and extensions of credit pursuant to a credit card plan or debit card plan).

“Cumulative Servicing Amount” means the sum of the Period Servicing Amounts for every consecutive twelve-month period prior to and ending on the True-Up

Measurement Date in respect of each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement is in effect.

“Cumulative Shared-Loss Payments” means (i) the aggregate of all of the payments made or payable to the Assuming Bank under the Shared-Loss Agreements minus (ii) the aggregate of all of the payments made or payable to the Receiver under the Shared-Loss Agreements.

“Environmental Assessment” means an assessment of the presence, storage or release of any hazardous or toxic substance, pollutant or contaminant with respect to the collateral securing a Shared-Loss Loan that has been fully or partially charged off.

“Examination Criteria” means the loan classification criteria employed by, or any applicable regulations of, the Assuming Bank’s Chartering Authority at the time such action is taken, as such criteria may be amended from time to time.

“Failed Bank Charge-Offs/Write-Downs” means, with respect to any Shared-Loss Asset, an amount equal to the aggregate amount of reversals or charge-offs of Accrued Interest and charge-offs and write-downs of principal effected by the Failed Bank with respect to that Shared-Loss Asset as reflected on the Accounting Records of the Failed Bank.

“Fair Value” means the value of a Shared Loss MTM Asset as stated on the books and records of the Failed Bank as of Bank Closing, inclusive of all adjustments.

“FDIC Party” has the meaning provided in Section 2.1(f)(ii) of this Commercial Shared-Loss Agreement.

“Net Charge-Offs” means, with respect to any period, an amount equal to the aggregate amount of Charge-Offs for such period less the amount of Recoveries for such period.

“Neutral Member” has the meaning provided in Section 2.1(f)(ii) of this Commercial Shared-Loss Agreement.

“New Shared-Loss Loans” means loans that would otherwise be subject to loss sharing under this Commercial Shared-Loss Agreement that were originated after September 25, 2009 and before Bank Closing.

“Notice of Dispute” has the meaning provided in Section 2.1(f)(iii) of this Commercial Shared-Loss Agreement.

“ORE Subsidiary” means any Subsidiary of the Assuming Bank that engages solely in holding, servicing, managing or liquidating interests of a type described in clause (A) of the definition of “Other Real Estate,” which interests have arisen from the collection or settlement of a Shared-Loss Loan.

“Other Real Estate” means all of the following (including any of the following fully or partially charged off the books and records of the Failed Bank or the Assuming Bank) that (i) are owned by the Failed Bank as of Bank Closing and are purchased pursuant to the Purchase and Assumption Agreement or (ii) have arisen subsequent to Bank Closing from the collection or settlement by the Assuming Bank of a Shared-Loss Loan:

(A) all interests in real estate (other than Bank Premises and Fixtures), including but not limited to mineral rights, leasehold rights, condominium and cooperative interests, air rights and development rights; and

(B) all other assets (whether real or personal property) acquired by foreclosure or in full or partial satisfaction of judgments or indebtedness.

“Period Servicing Amount” means, for any twelve month period with respect to each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement are in effect, the product of (i) the simple average of the principal amount of Shared-Loss Loans and Shared-Loss Assets (other than the Shared-Loss Securities) (in each case as defined in the Shared-Loss Agreements), as the case may be, at the beginning of such period and at the end of such period times (ii) one percent (1%).

“Permitted Advance” means an advance of funds by the Assuming Bank with respect to a Shared-Loss Loan, or the making of a legally binding commitment by the Assuming Bank to advance funds with respect to a Shared-Loss Loan, that (i) in the case of such an advance, is actually made, and, in the case of such a commitment, is made and all of the proceeds thereof actually advanced, within one (1) year after the Commencement Date, (ii) does not cause the sum of (A) the book value of such Shared-Loss Loan as reflected on the Accounting Records of the Assuming Bank after any such advance has been made by the Assuming Bank plus (B) the unfunded amount of any such commitment made by the Assuming Bank related thereto, to exceed 110% of the Book Value of such Shared-Loss Loan, (iii) is not made with respect to a Shared-Loss Loan with respect to which (A) there exists a related Shared-Loss Loan Commitment or (B) the Assuming Bank has taken a Charge-Off and (iv) is made in good faith, is supported at the time it is made by documentation in the Credit Files and conforms to and is in accordance with the applicable requirements set forth in Article III of this Commercial Shared-Loss Agreement and with the then effective written internal credit policy guidelines of the Assuming Bank; provided, that the limitations in subparagraphs (i), (ii) and (iii) of this definition shall not apply to any such action (other than to an advance or commitment related to the remediation, storage or final disposal of any hazardous or toxic substance, pollutant or contaminant) that is taken by Assuming Bank in its reasonable discretion to preserve or secure the value of the collateral for such Shared-Loss Loan.

“Permitted Amendment” means, with respect to any Shared-Loss Loan Commitment or Shared-Loss Loan, any amendment, modification, renewal or extension thereof, or any waiver of any term, right, or remedy thereunder, made by the Assuming Bank in good faith and otherwise in accordance with the applicable requirements set forth in Article III of this Commercial Shared-Loss Agreement and the then effective written internal credit policy guidelines of the Assuming Bank; provided, that:

(i) with respect to a Shared-Loss Loan Commitment or a Shared-Loss Loan that is not a revolving line of credit, no such amendment, modification, renewal, extension, or waiver, except as allowed under the definition of Permitted Advance, shall operate to increase the amount of principal (A) then remaining available to be advanced by the Assuming Bank under the Shared-Loss Loan Commitment or (B) then outstanding under the Shared-Loss Loan;

(ii) with respect to a Shared-Loss Loan Commitment or a Shared-Loss Loan that is a revolving line of credit, no such amendment, modification, renewal, extension, or waiver, except as allowed under the definition of Permitted Advance, shall operate to increase the maximum amount of principal authorized as of Bank Closing to be outstanding at any one time under the underlying revolving line of credit relationship with the debtor (regardless of the extent to which such revolving line of credit may have been funded as of Bank Closing or may subsequently have been funded and/or repaid); and

(iii) no such amendment, modification, renewal, extension or waiver shall extend the term of such Shared-Loss Loan Commitment or Shared-Loss Loan beyond the end of the final Shared-Loss Quarter unless the term of such Shared-Loss Loan Commitment or Shared-Loss Loan as existed on Bank Closing was beyond the end of the final Shared-Loss Quarter, in which event no such amendment, modification, renewal, extension or waiver shall extend such term beyond the term as existed as of Bank Closing.

“Pre-Charge-Off Expenses” means those expenses incurred in the usual and prudent management of a Shared-Loss Loan that would qualify as a Reimbursable Expense or Recovery Expense if incurred after a Charge-Off of the related Shared-Loss Asset had occurred.

“Quarterly Certificate” has the meaning provided in Section 2.1(a)(i) of this Commercial Shared-Loss Agreement.

“Recoveries” (I)(A) In addition to any sums to be applied as Recoveries pursuant to subparagraph (II) below, “Recoveries” means, with respect to any period, the sum of (without duplication):

(i) the amount of collections during such period by the Assuming Bank on Charge-Offs of Shared-Loss Assets effected by the Assuming Bank prior to the end of the final Shared-Loss Quarter; plus

(ii) the amount of collections during such period by the Assuming Bank on Failed Bank Charge-Offs/Write-Downs; plus

(iii) the amount of gain on any sale or other disposition during such period by the Assuming Bank of Shared Loss Loans, Other Real Estate, Additional ORE or Subsidiary ORE (provided, that the amount of any such gain included in Recoveries shall not exceed the aggregate amount of the related Failed Bank Charge-Offs/Write-Downs and Charge-Offs taken and any related Reimbursable Expenses and Recovery Expenses); plus

(iv) the amount of collections during such period by the Assuming Bank of any Reimbursable Expenses or Recovery Expenses; plus

(v) the amount of any fee or other consideration received by the Assuming Bank during or prior to such period in connection with any amendment, modification, renewal, extension, refinance, restructure, commitment or other similar action taken by the Assuming Bank with respect to a Shared-Loss Asset with respect to which there exists a Failed Bank Charge-Off/Write-Down or a Shared-Loss Loan as to which a Charge-Off has been effected by the Assuming Bank during or prior to such period (provided, that the amount of any such fee or other consideration included in Recoveries shall not exceed the aggregate amount of the related Failed Bank Charge-Offs/Write-Downs and Charge-Offs taken and any related Reimbursable Expenses and Recovery Expenses).

(I)(B) For the purpose of determining the amounts to be applied as Recoveries pursuant to subparagraph (I)(A) above, the Assuming Bank shall apply amounts received on the Assets that are not otherwise applied to reduce the book value of principal of a Shared-Loss Loan (or, in the case of Other Real Estate, Additional ORE, Subsidiary ORE and Capitalized Expenditures, that are not otherwise applied to reduce the book value thereof) in the following order: first to Charge-Offs and Failed Bank Charge-Offs/Write Downs; then to Reimbursable Expenses and Recovery Expenses; then to interest income; and then to other expenses incurred by the Assuming Bank.

(II) If there occurs an amendment, modification, renewal, extension, refinance, restructure, commitment, sale or other similar action with respect to a Shared-Loss Loan as to which there exists a Failed Bank Charge-Off/Write Down or as to which a Charge-Off has been effected by the Assuming Bank during or prior to such period, and if, as a result of such occurrence, the Assuming Bank recognizes any interest income for financial accounting purposes on that Shared-Loss Loan, then “Recoveries” shall also include the portion of the total amount of any such interest income recognized by the Assuming Bank which is derived by multiplying:

(A) the total amount of any such interest income recognized by the Assuming Bank during such period with respect to that Shared-Loss Loan as described above, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Bank with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) immediately above was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

provided, however, that the amount of any interest income included as Recoveries for a particular Shared-Loss Loan shall not exceed the aggregate amount of (a) Failed Bank Charge-

Offs/Write-Downs, (b) Charge-Offs effected by the Assuming Bank during or prior to the period in which the amount of Recoveries is being determined, plus (c) any Reimbursable Expenses and Recovery Expenses paid to the Assuming Bank pursuant to this Commercial Shared-Loss Agreement during or prior to the period in which the amount of Recoveries is being determined, all with respect to that particular Shared-Loss Loan; and, provided, further, that any collections on any such Shared-Loss Loan that are not applied to reduce book value of principal or recognized as interest income shall be applied pursuant to subparagraph (I) above.

(III) Notwithstanding subparagraphs (I) and (II) above, the term “Recoveries” shall not include: (a) any amounts paid to the Assuming Bank by the Receiver pursuant to Section 2.1 of this Commercial Shared-Loss Agreement, (b) amounts received with respect to Charge-Offs effected by the Assuming Bank after the final Shared-Loss Quarter, (c) after the final Shared-Loss Quarter, income received by the Assuming Bank from the operation of, and any gains recognized by the Assuming Bank on the disposition of, Other Real Estate, Additional ORE or Subsidiary ORE (such income and gains being hereinafter together referred to as “ORE Income”), except to the extent that aggregate ORE Income exceeds the aggregate expenses paid to third parties by or on behalf of the Assuming Bank after the final Shared-Loss Quarter to manage, operate and maintain Other Real Estate, Additional ORE or Subsidiary ORE (such expenses being hereinafter referred to as “ORE Expenses”). In determining the extent aggregate ORE Income exceeds aggregate ORE Expenses for any Recovery Quarter as set forth immediately above in subparagraph (c), the Assuming Bank will subtract (i) ORE Expenses paid to third parties during such Recovery Quarter (provided, that, in the case of the final Recovery Quarter only, the Assuming Bank will subtract ORE Expenses paid to third parties from the beginning of the final Recovery Quarter up to the date the Assuming Bank is required to deliver the final Quarterly Certificate pursuant to this Commercial Shared-Loss Agreement) from (ii) ORE Income received during such Recovery Quarter, to calculate net ORE income (“Net ORE Income”) for that Recovery Quarter. If the amount of Net ORE Income so calculated for a Recovery Quarter is positive, such amount shall be reported as Recoveries on the Quarterly Certificate for such Recovery Quarter. If the amount of Net ORE Income so calculated for a Recovery Quarter is negative (“Net ORE Loss Carryforward”), such amount shall be added to any ORE Expenses paid to third parties in the next succeeding Recovery Quarter, which sum shall then be subtracted from ORE Income for that next succeeding Recovery Quarter, for the purpose of determining the amount of Net ORE Income (or, if applicable, Net ORE Loss Carryforward) for that next succeeding Recovery Quarter. If, as of the end of the final Recovery Quarter, a Net ORE Loss Carryforward exists, then the amount of the Net ORE Loss Carryforward that does not exceed the aggregate amount of Net ORE Income reported as Recoveries on Quarterly Certificates for all Recovery Quarters may be included as a Recovery Expense on the Quarterly Certificate for the final Recovery Quarter.

“Recovery Amount” has the meaning provided in Section 2.1(b)(ii) of this Commercial Shared-Loss Agreement.

“Recovery Expenses” means, for any Recovery Quarter, the amount of actual, reasonable and necessary out-of-pocket expenses (other than Capitalized Expenditures) paid to third parties (other than Affiliates of the Assuming Bank) by or on behalf of the Assuming Bank, as limited by Sections 3.2(c) and (d) of Article III to this Commercial Shared-Loss Agreement,

to recover amounts owed with respect to (i) any Shared-Loss Asset as to which a Charge-Off was effected prior to the end of the final Shared-Loss Quarter (provided that such amounts were incurred no earlier than the date the first Charge-Off on such Shared-Loss Asset could have been reflected on the Accounting Records of the Assuming Bank), and (ii) Failed Bank Charge-Offs/Write-Downs (including, in each case, all costs and expenses related to an Environmental Assessment and any other costs or expenses related to any environmental conditions with respect to the Shared-Loss Assets (it being understood that any remediation expenses for any such pollutant or contaminant are not recoverable if in excess of \$200,000 per Shared-Loss Asset, without the Assuming Bank having obtained the prior consent of the Receiver for such expenses); provided, that, so long as income with respect to a Shared-Loss Loan is being prorated pursuant to the arithmetical formula in subsection (II) of the definition of “Recoveries”, the term “Recovery Expenses” shall not include that portion of any such expenses paid during such Recovery Quarter to recover any amounts owed on that Shared-Loss Loan that is derived by:

subtracting (1) the product derived by multiplying:

(A) the total amount of any such expenses paid by or on behalf of the Assuming Bank during such Recovery Quarter with respect to that Shared-Loss Loan, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Bank with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) of the definition of “Recoveries” was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

from (2) the total amount of any such expenses paid during that Recovery Quarter with respect to that Shared-Loss Loan.

“Recovery Quarter” has the meaning provided in Section 2.1(a)(ii) of this Commercial Shared-Loss Agreement.

“Reimbursable Expenses” means, for any Shared-Loss Quarter, the amount of actual, reasonable and necessary out-of-pocket expenses (other than Capitalized Expenditures), paid to third parties (other than Affiliates of the Assuming Bank) by or on behalf of the Assuming Bank, as limited by Sections 3.2(c) and (d) of Article III of this Commercial Shared-Loss Agreement, to:

(i) recover amounts owed with respect to any Shared-Loss Asset as to which a Charge-Off has been effected prior to the end of the final Shared-Loss Quarter (provided that

such amounts were incurred no earlier than the date the first Charge-Off on such Shared-Loss Asset could have been reflected on the Accounting Records of the Assuming Bank) and recover amounts owed with respect to Failed Bank Charge-Offs/Write-Downs (including, in each case, all costs and expenses related to an Environmental Assessment and any other costs or expenses related to any environmental conditions with respect to the Shared-Loss Assets (it being understood that any such remediation expenses for any such pollutant or contaminant are not recoverable if in excess of \$200,000 per Shared-Loss Asset, without the Assuming Bank having obtained the prior consent of the Receiver for such expenses); provided, that, so long as income with respect to a Shared-Loss Loan is being pro-rated pursuant to the arithmetical formula in subsection (II) of the definition of “Recoveries”, the term “Reimbursable Expenses” shall not include that portion of any such expenses paid during such Shared-Loss Quarter to recover any amounts owed on that Shared-Loss Loan that is derived by:

subtracting (1) the product derived by multiplying:

(A) the total amount of any such expenses paid by or on behalf of the Assuming Bank during such Shared-Loss Quarter with respect to that Shared-Loss Loan, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Bank with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) of the definition of “Recoveries” was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

from (2) the total amount of any such expenses paid during that Shared-Loss Quarter with respect to that Shared-Loss Loan; and

(ii) manage, operate or maintain Other Real Estate, Additional ORE or Subsidiary ORE less the amount of any income received by the Assuming Bank during such Shared-Loss Quarter with respect to such Other Real Estate, Additional ORE or Subsidiary ORE (which resulting amount under this clause (ii) may be negative).

“Review Board” has the meaning provided in Section 2.1(f)(i) of this Commercial Shared-Loss Agreement.

“Shared-Loss Amount” has the meaning provided in Section 2.1(b)(i) of this Commercial Shared-Loss Agreement.

“Shared-Loss Asset Repurchase Price” means, with respect to any Shared-Loss Asset, the principal amount thereof plus any other fees or penalties due from an Obligor

(including, subject to the limitations discussed below, the amount of any Accrued Interest) stated on the Accounting Records of the Assuming Bank, as of the date as of which the Shared-Loss Asset Repurchase Price is being determined (regardless, in the case of a Shared-Loss Loan, of the Legal Balance thereof) plus all Reimbursable Expenses and Recovery Expenses incurred up to and through the date of consummation of purchase of such Shared-Loss Asset; provided, that (i) in the case of a Shared-Loss Loan there shall be excluded from such amount the amount of any Accrued Interest accrued on or with respect to such Shared-Loss Loan prior to the ninety (90)-day period ending on the day prior to the purchase date determined pursuant to Sections 2.1(e)(i) or 2.1(e)(iii) of this Commercial Shared-Loss Agreement, except to the extent such Accrued Interest was included in the Book Value of such Shared-Loss Loan, and (ii) any collections on a Shared-Loss Loan received by the Assuming Bank after the purchase date applicable to such Shared-Loss Loan shall be applied (without duplication) to reduce the Shared-Loss Asset Repurchase Price of such Shared-Loss Loan on a dollar-for-dollar basis. For purposes of determining the amount of unpaid interest which accrued during a given period with respect to a variable-rate Shared-Loss Loan, all collections of interest shall be deemed to be applied to unpaid interest in the chronological order in which such interest accrued.

“Shared-Loss Assets” means Shared-Loss Loans, Other Real Estate purchased by the Assuming Bank, Additional ORE, Subsidiary ORE and Capitalized Expenditures, but does not include Shared Loss MTM Assets.

“Shared-Loss Loan Commitment” means:

(i) any Commitment to make a further extension of credit or to make a further advance with respect to an existing Shared-Loss Loan; and

(ii) any Shared-Loss Loan Commitment (described in subparagraph (i) immediately preceding) with respect to which the Assuming Bank has made a Permitted Amendment.

“Shared-Loss Loan Commitment Advance” means an advance pursuant to a Shared-Loss Loan Commitment with respect to which the Assuming Bank has not made a Permitted Advance.

“Shared-Loss Loans” means:

(i)(A) Loans purchased by the Assuming Bank pursuant to the Purchase and Assumption Agreement set forth on Exhibit 4.15(b) to the Purchase and Assumption Agreement, (B) New Shared-Loss Loans purchased by the Assuming Bank pursuant to the Purchase and Assumption Agreement, (C) Permitted Advances and (D) Shared-Loss Loan Commitment Advances, if any; provided, that Shared-Loss Loans shall not include Loans, New Shared-Loss Loans, Permitted Advances and Shared-Loss Loan Commitment Advances with respect to which an Acquired Subsidiary, or a constituent Subsidiary thereof, is an Obligor; (E) Loans owned by any Subsidiary which are not Shared-Loss Loans under the Single Family Shared-Loss Agreement; and (F) Consumer Loans; and

(ii) any Shared-Loss Loans (described in subparagraph (i) immediately preceding)

with respect to which the Assuming Bank has made a Permitted Amendment.

“Shared-Loss MTM Assets” means those securities and other assets listed on Exhibit 4.15(C).

“Shared-Loss Payment Trigger” means when the sum of the Cumulative Loss Amount under the Single Family Shared-Loss Agreement and the cumulative Net Charge-Offs under this Commercial Shared-Loss Agreement, exceeds the First Loss Tranche. If the First Loss Tranche is zero or a negative number, the Shared-Loss Payment Trigger shall be deemed to have been reached upon Bank Closing.

“Shared-Loss Quarter” has the meaning provided in Section 2.1(a)(i) of this Commercial Shared-Loss Agreement.

“Stated Threshold” means total losses under the shared loss agreements in the amount of \$1,532,000,000.00.

“Subsidiary ORE” means all assets owned by ORE Subsidiaries that would constitute Additional ORE if such assets were on the books of the Assuming Bank.

“Termination Date” means the eighth (8th) anniversary of the Commencement Date.

“Third Party Servicer” means any servicer appointed from time to time by the Assuming Bank or any Affiliate of the Assuming Bank to service the Shared-Loss Assets on behalf of the Assuming bank, the identity of which shall be given to the Receiver prior to or concurrent with the appointment thereof.

ARTICLE II -- SHARED-LOSS ARRANGEMENT

2.1 Shared-Loss Arrangement.

(a) **Quarterly Certificates.** (i) Not later than thirty (30) days after the end of each Calendar Quarter from and including the initial Calendar Quarter to and including the Calendar Quarter in which the Applicable Anniversary of the Commencement Date falls (each of such Calendar Quarters being referred to herein as a “Shared-Loss Quarter”), the Assuming Bank shall deliver to the Receiver a certificate, signed by the Assuming Bank’s chief executive officer and its chief financial officer, setting forth in such form and detail as the Receiver may specify (a “Quarterly Certificate”):

(A) the amount of Charge-Offs, the amount of Recoveries and the amount of Net Charge-Offs (which amount may be negative) during such Shared-Loss Quarter with respect to the Shared-Loss Assets (and for Recoveries, with respect to the Assets for which a charge-off was effected by the Failed Bank prior to Bank Closing); and

(B) the aggregate amount of Reimbursable Expenses (which amount may be negative) during such Shared-Loss Quarter; and

(C) net realized loss on the Shared Loss MTM Assets determined pursuant to FAS 115, expressed as a positive number (MTM Net Realized Loss), or net realized gain on the Shared Loss MTM assets, expressed as a negative number (MTM Net Realized Gain); and

(D) any other than temporary impairment of the Shared Loss MTM Assets, determined pursuant to FAS 115, expressed as a positive number (“OTTI Loss”) or reversals of OTTI Loss, expressed as a negative number (for the avoidance of doubt, normal and customary unrealized mark-to-market changes by reason of the application of fair value accounting do not qualify for loss sharing payments).

(ii) Not later than thirty (30) days after the end of each Calendar Quarter from and including the first Calendar Quarter following the final Shared-Loss Quarter to and including the Calendar Quarter in which the Termination Date falls (each of such Calendar Quarters being referred to herein as a “Recovery Quarter”), the Assuming Bank shall deliver to the Receiver a Quarterly Certificate setting forth, in such form and detail as the Receiver may specify

(A) the amount of Recoveries and Recovery Expenses during such Recovery Quarter. On the Quarterly Certificate for the first Recovery Quarter only, the Assuming Bank may report as a separate item, in such form and detail as the Receiver may specify, the aggregate amount of any Reimbursable Expenses that: (a) were incurred prior to or during the final Shared-Loss Quarter, and (b) had not been included in any Quarterly Certificate for any Shared-Loss Quarter because they had not been actually paid by or on behalf of the Assuming Bank (in accordance with the terms of this Commercial Shared-Loss Agreement) during any Shared-Loss Quarter and (c) were actually paid by or on behalf of the Assuming Bank (in accordance with the terms of this Commercial Shared-Loss Agreement) during the first Recovery Quarter; and

(B) net realized gain on the Shared Loss MTM Assets.

(b) Payments With Respect to Shared-Loss Assets.

(i) For purposes of this Section 2.1(b), the Assuming Bank shall initially record the Shared-Loss Assets on its Accounting Records at Book Value, and initially record the Shared Loss MTM Assets on its Accounting Records at Fair Value, and adjust such amounts as such values may change after the Bank Closing. If the amount of all Net Charge-Offs during any Shared-Loss Quarter plus Reimbursable Expenses, plus MTM Net Realized Gain or MTM Net Realized Loss, plus OTTI Loss during such Shared-Loss Quarter (the “Shared-Loss Amount”) is positive, then, except as provided in Sections 2.1(c) and (e) below, and subject to the provisions of Section 2.1(b)(vi) below, not later than fifteen (15) days after the date on which the Receiver

receives the Quarterly Certificate with respect to such Shared-Loss Quarter, the Receiver shall pay to the Assuming Bank an amount equal to eighty percent (80%) of the Shared-Loss Amount for such Shared-Loss Quarter. If the Shared-Loss Amount during any Shared-Loss Quarter is negative, the Assuming Bank shall pay to the Receiver an amount equal to eighty percent (80%) of the Shared-Loss Amount for such Shared-Loss Quarter, which payment shall be delivered to the Receiver together with the Quarterly Certificate for such Shared-Loss Quarter. When the cumulative Shared-Loss Amounts for all Shared-Loss Quarters plus the Cumulative Loss Amount under the Single Family Shared-Loss Agreement equals or exceeds the Stated Threshold, the Receiver shall pay to the Assuming Bank an amount equal to ninety-five percent ((95%)) of the Shared-Loss Amount for each Shared-Loss Quarter, until such time as the cumulative Shared-Loss Amount for all Shared-Loss Quarters is less than the Stated Threshold, when the percentage shall revert back to eighty percent (80%).

(ii) If the amount of gross Recoveries during any Recovery Quarter less Recovery Expenses during such Recovery Quarter plus net realized gains or reversals of OTTI Loss on Shared Loss MTM Assets (the “Recovery Amount”) is positive, then, simultaneously with its delivery of the Quarterly Certificate with respect to such Recovery Quarter, the Assuming Bank shall pay to the Receiver an amount equal to eighty percent (80%) of the Recovery Amount for such Recovery Quarter. If the Recovery Amount is negative, then such negative amount shall be subtracted from the amount of gross Recoveries during the next succeeding Recovery Quarter in determining the Recovery Amount in such next succeeding Recovery Quarter; provided, that this Section 2.1(b)(ii) shall operate successively in the event that the Recovery Amount (after giving effect to this Section 2.1(b)(ii)) in such next succeeding Recovery Quarter is negative. The Assuming Bank shall specify, in the Quarterly Certificate for the final Recovery Quarter, the aggregate amount for all Recovery Quarters only, as of the end of, and including, the final Recovery Quarter of (A) Recoveries plus net realized gains or reversals of OTTI Loss on Shared Loss MTM Assets (“Aggregate Recovery Period Recoveries”), (B) Recovery Expenses (“Aggregate Recovery Expenses”), and (C) only those Recovery Expenses that have been actually “offset” against Aggregate Recovery Period Recoveries (including those so “offset” in that final Recovery Quarter) (“Aggregate Offset Recovery Expenses”); as used in this sentence, the term “offset” means the amount that has been applied to reduce gross Recoveries in any Recovery Quarter pursuant to the methodology set forth in this Section 2.1(b)(ii). If, at the end of the final Recovery Quarter the amount of Aggregate Recovery Expenses exceeds the amount of Aggregate Recovery Period Recoveries, the Receiver shall have no obligation to pay to the Assuming Bank all or any portion of such excess. Subsequent to the Assuming Bank’s calculation of the Recovery Amount (if any) for the final Recovery Quarter, the Assuming Bank shall also show on the Quarterly Certificate for the final Recovery Quarter the results of the following three mathematical calculations: (i) Aggregate Recovery Period Recoveries minus Aggregate Offset Recovery Expenses; (ii) Aggregate Recovery Expenses minus Aggregate Offset Recovery Expenses; and (iii) the lesser of the two amounts calculated in (i) and (ii) immediately above (“Additional Recovery Expenses”) multiplied by 80% (the amount so calculated in (iii) being defined as the “Additional Recovery Expense Amount”). If the Additional Recovery Expense Amount is greater than zero, then the Assuming Bank may request in the Quarterly Certificate for the final Recovery Quarter that the Receiver reimburse the Assuming Bank the amount of the Additional Recovery Expense Amount and the Receiver shall pay to the Assuming Bank the Additional Recovery Expense

Amount within fifteen (15) days after the date on which the Receiver receives that Quarterly Certificate. On the Quarterly Certificate for the final Recovery Quarter only, the Assuming Bank may include, in addition to any Recovery Expenses for that Recovery Quarter that were paid by or on behalf of the Assuming Bank in that Recovery Quarter, those Recovery Expenses that: (a) were incurred prior to or during the final Recovery Quarter, and (b) had not been included in any Quarterly Certificate for any Recovery Quarter because they had not been actually paid by or on behalf of the Assuming Bank (in accordance with the terms of this Commercial Shared-Loss Agreement) during any Recovery Quarter, and (c) were actually paid by or on behalf of the Assuming Bank (in accordance with the terms of this Commercial Shared-Loss Agreement) prior to the date the Assuming Bank is required to deliver that final Quarterly Certificate to the Receiver under the terms of Section 2.1(a)(ii).

(iii) With respect to each Shared-Loss Quarter and Recovery Quarter, collections by or on behalf of the Assuming Bank on any charge-off effected by the Failed Bank prior to Bank Closing on an Asset other than a Shared-Loss Asset or Shared-Loss MTM Assets shall be reported as Recoveries under this Section 2.1 only to the extent such collections exceed the Book Value of such Asset, if any. For any Shared-Loss Quarter or Recovery Quarter in which collections by or on behalf of the Assuming Bank on such Asset are applied to both Book Value and to a charge-off effected by the Failed Bank prior to Bank Closing, the amount of expenditures incurred by or on behalf of the Assuming Bank attributable to the collection of any such Asset, that shall be considered a Reimbursable Expense or a Recovery Expense under this Section 2.1 will be limited to a proportion of such expenditures which is equal to the proportion derived by dividing (A) the amount of collections on such Asset applied to a charge-off effected by the Failed Bank prior to Bank Closing, by (B) the total collections on such Assets.

(iv) If the Assuming Bank has duly specified an amount of Reimbursable Expenses on the Quarterly Certificate for the first Recovery Quarter as described above in the last sentence of Section 2.1(a)(ii), then, not later than fifteen (15) days after the date on which the Receiver receives that Quarterly Certificate, the Receiver shall pay to the Assuming Bank an amount equal to eighty percent (80%) (or, if the Cumulative Loss Amount under the Single Family Shared-Loss Agreement plus the cumulative Shared-Loss Amount for all Shared-Loss Quarters equals or exceeds the Stated Threshold, ninety-five percent (95%)) of the amount of such Reimbursable Expenses.

(v) If the First Loss Tranche as determined under the Purchase and Assumption Agreement is a positive number, Receiver has no obligation to make payment for any Shared Loss Quarters until the Shared-Loss Payment Trigger is satisfied.

(vi) Payments from the Receiver with respect to this Commercial Shared-Loss Agreement are administrative expenses of the Receiver. To the extent the Receiver needs funds for shared-loss payments respect to this Commercial Shared-Loss Agreement, the Receiver shall request funds under the Master Loan and Security Agreement, as amended ("MLSA"), from FDIC in its corporate capacity. The Receiver will not agree to any amendment of the MLSA that would prevent the Receiver from drawing on the MLSA to fund shared-loss payments.

(c) **Limitation on Shared-Loss Payment.** The Receiver shall not be required to make any payments pursuant to this Section 2.1 with respect to any Charge-Off of a Shared-Loss Asset that the Receiver or the Corporation determines, based upon the Examination Criteria, should not have been effected by the Assuming Bank; provided, (x) the Receiver must provide notice to the Assuming Bank detailing the grounds for not making such payment, (y) the Receiver must provide the Assuming Bank with a reasonable opportunity to cure any such deficiency and (z) (1) to the extent curable, if cured, the Receiver shall make payment with respect to any properly effected Charge-Off and (2) to the extent not curable, the Receiver shall make a payment as to all Charge-Offs (or portion of Charge-Offs) that were effected which would have been payable as a Charge-Off if the Assuming Bank had properly effected such Charge-Off. In the event that the Receiver does not make any payments with respect to any Charge-Off of a Shared-Loss Asset pursuant to this Section 2.1 or determines that a payment was improperly made, the Assuming Bank and the Receiver shall, upon final resolution, make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

(d) **Sale of, or Additional Advances or Amendments with Respect to, Shared-Loss Loans and Administration of Related Loans.** No Shared-Loss Loan shall be treated as a Shared-Loss Asset pursuant to this Section 2.1 (i) if the Assuming Bank sells or otherwise transfers such Shared-Loss Loan or any interest therein (whether with or without recourse) to any Person, (ii) after the Assuming Bank makes any additional advance, commitment or increase in the amount of a commitment with respect to such Shared-Loss Loan that does not constitute a Permitted Advance or a Shared-Loss Loan Commitment Advance, (iii) after the Assuming Bank makes any amendment, modification, renewal or extension to such Shared-Loss Loan that does not constitute a Permitted Amendment, or (iv) after the Assuming Bank has managed, administered or collected any "Related Loan" (as such term is defined in Section 3.4 of Article III of this Commercial Shared-Loss Agreement) in any manner which would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of such Shared-Loss Asset to which such loan is related; provided, that any such Shared-Loss Loan that has been the subject of Charge-Offs prior to the taking of any action described in clause (i), (ii), (iii) or (iv) of this Section 2.1(d) by the Assuming Bank shall be treated as a Shared-Loss Asset pursuant to this Section 2.1 solely for the purpose of treatment of Recoveries on such Charge-Offs until such time as the amount of Recoveries with respect to such Shared-Loss Asset equals such Charge-Offs.

(e) **Option to Purchase.**

(i) In the event that the Assuming Bank determines that there is a substantial likelihood that continued efforts to collect a Shared-Loss Asset or an Asset for which a charge-off was effected by the Failed Bank with, in either case, a Legal Balance of \$500,000 or more on the Accounting Records of the Assuming Bank will result in an expenditure, after Bank Closing, of funds by on behalf of the Assuming Bank to a third party for a specified purpose (the expenditure of which, in its best judgment, will maximize collections), which do not constitute Reimbursable Expenses or Recovery Expenses, and such expenses will exceed ten percent (10%) of the then book value thereof as reflected on the Accounting Records of the Assuming Bank, the Assuming Bank shall (i) promptly so notify the Receiver and (ii) request that such expenditure

be treated as a Reimbursable Expense or Recovery Expense for purposes of this Section 2.1. (Where the Assuming Bank determines that there is a substantial likelihood that the previously mentioned situation exists with respect to continued efforts to collect a Shared-Loss Asset or an Asset for which a charge-off was effected by the Failed Bank with, in either case, a Legal Balance of less than \$1,000,000 on the Accounting Records of the Assuming Bank, the Assuming Bank may so notify the Receiver and request that such expenditure be treated as a Reimbursable Expense or Recovery Expense.) Within thirty (30) days after its receipt of such a notice, the Receiver will advise the Assuming Bank of its consent or denial, that such expenditures shall be treated as a Reimbursable Expense or Recovery Expense, as the case may be. Notwithstanding the failure of the Receiver to give its consent with respect to such expenditures, the Assuming Bank shall continue to administer such Shared-Loss Asset in accordance with Section 2.2, except that the Assuming Bank shall not be required to make such expenditures. At any time after its receipt of such a notice and on or prior to the Termination Date the Receiver shall have the right to purchase such Shared-Loss Asset or Asset as provided in Section 2.1(e)(iii), notwithstanding any consent by the Receiver with respect to such expenditure.

(ii) During the period prior to the Termination Date, the Assuming Bank shall notify the Receiver within fifteen (15) days after any of the following becomes fully or partially charged-off:

(A) a Shared-Loss Loan having a Legal Balance (or, in the case of more than one (1) Shared-Loss Loan made to the same Obligor, a combined Legal Balance) of \$500,000 or more in circumstances in which the legal claim against the relevant Obligor survives; or

(B) a Shared-Loss Loan to a director, an “executive officer” as defined in 12 C.F.R. 215.2(d), a “principal shareholder” as defined in 12 C.F.R. 215.2(l), or an Affiliate of the Assuming Bank.

(iii) If the Receiver determines in its discretion that the Assuming Bank is not diligently pursuing collection efforts with respect to any Shared-Loss Asset which has been fully or partially charged-off or written-down (including any Shared-Loss Asset which is identified or required to be identified in a notice pursuant to Section 2.1(e)(ii)) or any Asset for which there exists a Failed Bank Charge-Off/Write-Down, the Receiver may at its option, exercisable at any time on or prior to the Termination Date, require the Assuming Bank to assign, transfer and convey such Shared-Loss Asset or Asset to and for the sole benefit of the Receiver for a price equal to the Shared-Loss Asset Repurchase Price thereof less the Related Liability Amount with respect to any Related Liabilities related to such Shared-Loss Asset or Asset.

(iv) Not later than ten (10) days after the date upon which the Assuming Bank receives notice of the Receiver’s intention to purchase or require the assignment of any Shared-Loss Asset or Asset pursuant to Section 2.1(e)(i) or (iii), the Assuming Bank shall transfer to the Receiver such Shared-Loss Asset or Asset and any Credit Files relating thereto and shall take all such other actions as may be necessary and appropriate to adequately effect the transfer of such Shared-Loss Asset or Asset from the Assuming Bank to the Receiver. Not later than fifteen (15)

days after the date upon which the Receiver receives such Shared-Loss Asset or Asset and any Credit Files relating thereto, the Receiver shall pay to the Assuming Bank an amount equal to the Shared-Loss Asset Repurchase Price of such Shared-Loss Asset or Asset less the Related Liability Amount.

(v) The Receiver shall assume all Related Liabilities with respect to any Shared-Loss Asset or Asset set forth in the notice described in Section 2.1(e)(iv).

(f) Dispute Resolution.

(i) (A) Any dispute as to whether a Charge-Off of a Shared-Loss Asset was made in accordance with Examination Criteria shall be resolved by the Assuming Bank's Chartering Authority. (B) With respect to any other dispute arising under the terms of this Commercial Shared-Loss Agreement which the parties hereto cannot resolve after having negotiated such matter, in good faith, for a thirty (30) day period, other than a dispute the Corporation is not permitted to submit to arbitration under the Administrative Dispute Resolution Act of 1996 ("ADRA"), as amended, such other dispute shall be resolved by determination of a review board (a "Review Board") established pursuant to Section 2.1(f). Any Review Board under this Section 2.1(f) shall follow the provisions of the Federal Arbitration Act and shall follow the provisions of the ADRA. (C) Any determination by the Assuming Bank's Chartering Authority or by a Review Board shall be conclusive and binding on the parties hereto and not subject to further dispute, and judgment may be entered on said determination in accordance with applicable arbitration law in any court having jurisdiction thereof.

(ii) A Review Board shall consist of three (3) members, each of whom shall have such expertise as the Corporation and the Assuming Bank agree is relevant. As appropriate, the Receiver or the Corporation (the "FDIC Party") will select one member, one member will be selected by the Assuming Bank and the third member (the "Neutral Member") will be selected by the other two members. The member of the Review Board selected by a party may be removed at any time by such party upon two (2) days' written notice to the other party of the selection of a replacement member. The Neutral Member may be removed by unanimous action of the members appointed by the FDIC Party and the Assuming Bank after two (2) days' prior written notice to the FDIC Party and the Assuming Bank of the selection of a replacement Neutral Member. In addition, if a Neutral Member fails for any reason to serve or continue to serve on the Review Board, the other remaining members shall so notify the parties to the dispute and the Neutral Member in writing that such Neutral Member will be replaced, and the Neutral Member shall thereafter be replaced by the unanimous action of the other remaining members within twenty (20) business days of that notification.

(iii) No dispute may be submitted to a Review Board by any of the parties to this Commercial Shared-Loss Agreement unless such party has provided to the other party a written notice of dispute ("Notice of Dispute"). During the forty-five (45)-day period following the providing of a Notice of Dispute, the parties to the dispute will make every effort in good faith to resolve the dispute by mutual agreement. As part of these good faith efforts, the parties should consider the use of less formal dispute resolution techniques, as judged appropriate by each party in its sole discretion. Such techniques may include, but are not limited to, mediation,

settlement conference, and early neutral evaluation. If the parties have not agreed to a resolution of the dispute by the end of such forty-five (45)-day period, then, subject to the discretion of the Corporation and the written consent of the Assuming Bank as set forth in Section 2.1(f)(i)(B) above, on the first day following the end of such period, the FDIC Party and the Assuming Bank shall notify each other of its selection of its member of the Review Board and such members shall be instructed to promptly select the Neutral Member of the Review Board. If the members appointed by the FDIC Party and the Assuming Bank are unable to promptly agree upon the initial selection of the Neutral Member, or a timely replacement Neutral Member as set forth in Section 2.1(f)(ii) above, the two appointed members shall apply to the American Arbitration Association (“AAA”), and such Neutral Member shall be appointed in accordance with the Commercial Arbitration Rules of the AAA.

(iv) The resolution of a dispute pursuant to this Section 2.1(f) shall be governed by the Commercial Arbitration Rules of the AAA to the extent that such rules are not inconsistent with this Section 2.1(f). The Review Board may modify the procedures set forth in such rules from time to time with the prior approval of the FDIC Party and the Assuming Bank.

(v) Within fifteen (15) days after the last to occur of the final written submissions of both parties, the presentation of witnesses, if any, and oral presentations, if any, the Review Board shall adopt the position of one of the parties and shall present to the parties a written award regarding the dispute. The determination of any two (2) members of a Review Board will constitute the determination of such Review Board.

(vi) The FDIC Party and the Assuming Bank will each pay the fees and expenses of the member of the Review Board selected by it. The FDIC Party and Assuming Bank will share equally the fees and expenses of the Neutral Member. No such fees or expenses incurred by or on behalf of the Assuming Bank shall be subject to reimbursement by the FDIC Party under this Commercial Shared-Loss Agreement or otherwise.

(vii) Each party will bear all costs and expenses incurred by it in connection with the submission of any dispute to a Review Board. No such costs or expenses incurred by or on behalf of the Assuming Bank shall be subject to reimbursement by the FDIC Party under this Commercial Shared-Loss Agreement or otherwise. The Review Board shall have no authority to award costs or expenses incurred by either party to these proceedings.

(viii) Any dispute resolution proceeding held pursuant to this Section 2.1(f) shall not be public. In addition, each party and each member of any Review Board shall strictly maintain the confidentiality of all issues, disputes, arguments, positions and interpretations of any such proceeding, as well as all information, attachments, enclosures, exhibits, summaries, compilations, studies, analyses, notes, documents, statements, schedules and other similar items associated therewith, except as the parties agree in writing or such disclosure is required pursuant to law, rule or regulation. Pursuant to ADRA, dispute resolution communications may not be disclosed either by the parties or by any member of the Review board unless:

- (1) all parties to the dispute resolution proceeding agree in writing;
- (2) the communication has already been made public;

(3) the communication is required by statute, rule or regulation to be made public;
or

(4) a court determines that such testimony or disclosure is necessary to prevent a manifest injustice, help establish a violation of the law or prevent harm to the public health or safety, or of sufficient magnitude in the particular case to outweigh the integrity of dispute resolution proceedings in general by reducing the confidence of parties in future cases that their communications will remain confidential.

(ix) Any dispute resolution proceeding pursuant to this Section 2.1(f) (whether as a matter of good faith negotiations, by resort to a Review Board, or otherwise) is a compromise negotiation for purposes of the Federal Rules of Evidence and state rules of evidence. The parties agree that all proceedings, including any statement made or document prepared by any party, attorney or other participants are privileged and shall not be disclosed in any subsequent proceeding or document or construed for any purpose as an admission against interest. Any document submitted and any statements made during any dispute resolution proceeding are for settlement purposes only. The parties further agree not to subpoena any of the members of the Review Board or any documents submitted to the Review Board. In no event will the Neutral Member voluntarily testify on behalf of any party.

(x) No decision, interpretation, determination, analysis, statement, award or other pronouncement of any Review Board shall constitute precedent as regards any subsequent proceeding (whether or not such proceeding involves dispute resolution under this Commercial Shared-Loss Agreement) nor shall any Review Board be bound to follow any decision, interpretation, determination, analysis, statement, award or other pronouncement rendered by any previous Review Board or any other previous dispute resolution panel which may have convened in connection with a transaction involving other failed financial institutions or Federal assistance transactions.

(xi) The parties may extend any period of time in this Section 2.1(f) by mutual agreement. Notwithstanding anything above to the contrary, no dispute shall be submitted to a Review Board until each member of the Review Board, and any substitute member, if applicable, agrees to be bound by the provisions of this Section 2.1(f) as applicable to members of a Review Board. Prior to the commencement of the Review Board proceedings, or, in the case of a substitute Neutral Member, prior to the re-commencement of such proceedings subsequent to that substitution, the Neutral Member shall provide a written oath of impartiality.

(xii) For the avoidance of doubt, and notwithstanding anything herein to the contrary, in the event any notice of dispute is provided to a party under this Section 2.1(g) prior to the Termination Date, the terms of this Commercial Shared-Loss Agreement shall remain in effect with respect to any such items set forth in such notice until such time as any such dispute with respect to such item is finally resolved.

(g) **Payment in the Event Losses Fail to Reach Expected Level.** On the date that is 45 days following the last day (such day, the “True-Up Measurement Date”) of the calendar month in which the tenth anniversary of the calendar day following the Bank Closing

occurs, the Assuming Bank shall pay to the Receiver fifty percent (50%) of the excess, if any, of (i) twenty percent (20%) of the Stated Threshold less (ii) the sum of (A) twenty-five percent (25%) of the asset premium (discount) plus (B) twenty-five percent (25%) of the Cumulative Shared-Loss Payments plus (C) the Cumulative Servicing Amount. The Assuming Bank shall deliver to the Receiver not later than 30 days following the True-Up Measurement Date, a schedule, signed by an officer of the Assuming Bank, setting forth in reasonable detail the calculation of the Cumulative Shared-Loss Payments and the Cumulative Servicing Amount.

2.2 Administration of Shared-Loss Assets. The Assuming Bank shall at all times prior to the Termination Date comply with the Rules Regarding the Administration of Shared-Loss Assets as set forth in Article III of this Commercial Shared-Loss Agreement.

2.3 Auditor Report; Right to Audit.

(a) Within ninety (90) days after the end of each fiscal year from and including the fiscal year during which Bank Closing falls to and including the calendar year during which the Termination Date falls, the Assuming Bank shall deliver to the Corporation and to the Receiver a report signed by its independent public accountants stating that they have reviewed the terms of this Commercial Shared-Loss Agreement and that, in the course of their annual audit of the Assuming Bank's books and records, nothing has come to their attention suggesting that any computations required to be made by the Assuming Bank during such year by this Article II were not made by the Assuming Bank in accordance herewith. In the event that the Assuming Bank cannot comply with the preceding sentence, it shall promptly submit to the Receiver corrected computations together with a report signed by its independent public accountants stating that, after giving effect to such corrected computations, nothing has come to their attention suggesting that any computations required to be made by the Assuming Bank during such year by this Article II were not made by the Assuming Bank in accordance herewith. In such event, the Assuming Bank and the Receiver shall make all such accounting adjustments and payments as may be necessary to give effect to each correction reflected in such corrected computations, retroactive to the date on which the corresponding incorrect computation was made. It is the intention of this provision to align the timing of the audit required under this Commercial Shared-Loss Agreement with the examination audit required pursuant to 12 CFR Section 363.

(b) The Assuming Bank shall perform on an annual basis an internal audit of its compliance with the provisions of this Article II and shall provide the Receiver and the Corporation with copies of the internal audit reports and access to internal audit workpapers related to such internal audit.

(c) The Receiver or the Corporation may perform an audit to determine the Assuming Bank's compliance with the provisions of this Commercial Shared-Loss Agreement, including this Article II, at any time by providing not less than ten (10) Business Days prior written notice. The scope and duration of any such audit shall be within the discretion of the Receiver or the Corporation, as the case may be, but shall in no event be administered in a manner that unreasonably interferes with the operation of the Assuming Bank's business. The Receiver or the Corporation, as the case may be, shall bear the expense of any such audit. In the event that any corrections are necessary as a result of such an audit, the Assuming Bank and the

Receiver shall make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

2.4 Withholdings. Notwithstanding any other provision in this Article II, the Receiver, upon the direction of the Director (or designee) of the Corporation's Division of Resolutions and Receiverships, may withhold payment for any amounts included in a Quarterly Certificate delivered pursuant to Section 2.1, if, in its judgment, there is a reasonable basis under the terms of this Commercial Shared-Loss Agreement for denying the eligibility of an item for which reimbursement or payment is sought under such Section. In such event, the Receiver shall provide a written notice to the Assuming Bank detailing the grounds for withholding such payment. At such time as the Assuming Bank demonstrates to the satisfaction of the Receiver that the grounds for such withholding of payment, or portion of payment, no longer exist or have been cured, then the Receiver shall pay the Assuming Bank the amount withheld which the Receiver determines is eligible for payment, within fifteen (15) Business Days. In the event the Receiver or the Assuming Bank elects to submit the issue of the eligibility of the item for reimbursement or payment for determination under the dispute resolution procedures of Section 2.1(f), then (i) if the dispute is settled by the mutual agreement of the parties in accordance with Section 2.1(f)(iii), the Receiver shall pay the amount withheld (to the extent so agreed) within fifteen (15) Business Days from the date upon which the dispute is determined by the parties to be resolved by mutual agreement, and (ii) if the dispute is resolved by the determination of a Review Board, the Receiver shall pay the amount withheld (to the extent so determined) within fifteen (15) Business Days from the date upon which the Receiver is notified of the determination by the Review Board of its obligation to make such payment. Any payment by the Receiver pursuant to this Section 2.4 shall be made together with interest on the amount thereof from the date the payment was agreed or determined otherwise to be due, at the interest rate per annum determined by the Receiver to be equal to the coupon equivalent of the three (3)-month U.S. Treasury Bill Rate in effect as of the first Business Day of each Calendar Quarter during which such interest accrues as reported in the Federal Reserve Board's Statistical Release for Selected Interest Rates H.15 opposite the caption "Auction Average - 3-Month" or, if not so reported for such day, for the next preceding Business Day for which such rate was so reported.

2.5 Books and Records. The Assuming Bank shall at all times during the term of this Commercial Shared-Loss Agreement keep books and records which fairly present all dealings and transactions carried out in connection with its business and affairs. Except as otherwise provided for in the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement, all financial books and records shall be kept in accordance with generally accepted accounting principles, consistently applied for the periods involved and in a manner such that information necessary to determine compliance with any requirement of the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement will be readily obtainable, and in a manner such that the purposes of the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement may be effectively accomplished. Without the prior written approval of the Corporation, the Assuming Bank shall not make any change in its accounting principles adversely affecting the value of the Shared-Loss Assets except as required by a change in generally accepted accounting principles. The Assuming Bank shall notify the Corporation of any change in its accounting principles affecting the Shared-Loss Assets which it believes are required by a change in generally accepted accounting principles.

2.6 Information. The Assuming Bank shall promptly provide to the Corporation such other information, including financial statements and computations, relating to the performance of the provisions of the Purchase and Assumption Agreement or otherwise relating to its business and affairs or this Commercial Shared-Loss Agreement, as the Corporation or the Receiver may request from time to time.

2.7 Tax Ruling. The Assuming Bank shall not at any time, without the Corporation's prior written consent, seek a private letter ruling or other determination from the Internal Revenue Service or otherwise seek to qualify for any special tax treatment or benefits associated with any payments made by the Corporation pursuant to the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement.

ARTICLE III - RULES REGARDING THE ADMINISTRATION OF SHARED-LOSS ASSETS AND SHARED-LOSS MTM ASSETS

3.1 Agreement with Respect to Administration. The Assuming Bank shall (and shall cause any of its Affiliates to which the Assuming Bank transfers any Shared-Loss Assets or Shared-Loss MTM Assets) to, or a Third Party Servicer to, manage, administer, and collect the Shared-Loss Assets and Shared-Loss MTM Assets while owned by the Assuming Bank or any Affiliate thereof during the term of this Commercial Shared-Loss Agreement in accordance with the rules set forth in this Article III ("Rules"). The Assuming Bank shall be responsible to the Receiver and the Corporation in the performance of its duties hereunder and shall provide to the Receiver and the Corporation such reports as the Receiver or the Corporation reasonably deems advisable, including but not limited to the reports required by Section 3.3 hereof, and shall permit the Receiver and the Corporation at all times to monitor the Assuming Bank's performance of its duties hereunder.

3.2 Duties of the Assuming Bank with Respect to Shared-Loss Assets.

(a) In performance of its duties under these Rules, the Assuming Bank shall:

(i) manage, administer, collect and effect Charge-Offs and Recoveries with respect to each Shared-Loss Asset in a manner consistent with (A) usual and prudent business and banking practices; (B) the Assuming Bank's (or, in the case a Third Party Servicer is engaged, the Third Party Servicer's) practices and procedures including, without limitation, the then-effective written internal credit policy guidelines of the Assuming Bank, with respect to the management, administration and collection of and taking of charge-offs and write-downs with respect to loans, other real estate and repossessed collateral that do not constitute Shared Loss Assets;

(ii) exercise its best business judgment in managing, administering, collecting and effecting Charge-Offs with respect to Shared-Loss Assets;

(iii) use its best efforts to maximize collections with respect to Shared-

Loss Assets and, if applicable for a particular Shared-Loss Asset, without regard to the effect of maximizing collections on assets held by the Assuming Bank or any of its Affiliates that are not Shared-Loss Assets;

(iv) adopt and implement accounting, reporting, record-keeping and similar systems with respect to the Shared-Loss Assets, as provided in Section 3.4 hereof;

(v) retain sufficient staff to perform its duties hereunder; and

(vi) provide written notification in accordance with Article IV of this Commercial Shared-Loss Agreement immediately after the execution of any contract pursuant to which any third party (other than an Affiliate of the Assuming Bank) will manage, administer or collect any of the Shared-Loss Assets, together with a copy of that contract.

(b) Any transaction with or between any Affiliate of the Assuming Bank with respect to any Shared-Loss Asset including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Bank will manage, administer or collect any of the Shared-Loss Assets, or any other action involving self-dealing, shall be subject to the prior written approval of the Receiver or the Corporation.

(c) The following categories of expenses shall not be deemed to be Reimbursable Expenses or Recovery Expenses:

(i) Federal, State, or local income taxes and expenses related thereto;

(ii) salaries or other compensation and related benefits of Assuming Bank employees and the employees of its Affiliates including, without limitation, any bonus, commission or severance arrangements, training, payroll taxes, dues, or travel- or relocation-related expenses,;

(iii) the cost of space occupied by the Assuming Bank, any Affiliate thereof and their staff, the rental of and maintenance of furniture and equipment, and expenses for data processing including the purchase or enhancement of data processing systems;

(iv) except as otherwise provided herein, fees for accounting and other independent professional consultants (other than consultants retained to assess the presence, storage or release of any hazardous or toxic substance, or any pollutant or contaminant with respect to the collateral securing a Shared-Loss Loan that has been fully or partially charged-off); provided, that for purposes of this Section 3.2(c)(iv), fees of attorneys and appraisers engaged as necessary to assist in collections with respect to Shared-Loss Assets shall not be deemed to be fees of other independent consultants;

(v) allocated portions of any other overhead or general and administrative expense other than any fees relating to specific assets, such as appraisal fees or environmental audit fees, for services of a type the Assuming Bank does not normally perform internally;

(vi) any expense not incurred in good faith and with the same degree of care that the Assuming Bank normally would exercise in the collection of troubled assets in which it alone had an interest; and

(vii) any expense incurred for a product, service or activity that is of an extravagant nature or design.

(d) Subject to Section 3.7, the Assuming Bank shall not contract with third parties to provide services the cost of which would be a Reimbursable Expense or Recovery Expense if the Assuming Bank would have provided such services itself if the relevant Shared-Loss Assets were not subject to the loss-sharing provisions of Section 2.1 of this Commercial Shared-Loss Agreement.

3.3 Duties of the Assuming Bank with Respect to Shared-Loss MTM Assets.

(a) In performance of its duties under these Rules, the Assuming Bank shall:

(i) manage, administer, collect and each Shared-Loss MTM Asset in a manner consistent with (A) usual and prudent business and banking practices; (B) the Assuming Bank's practices and procedures including, without limitation, the then-effective written internal credit policy guidelines of the Assuming Bank, with respect to the management, administration and collection of similar assets that are not Shared-Loss MTM Assets;

(ii) exercise its best business judgment in managing, administering, collecting and effecting Charge-Offs with respect to Shared-Loss MTM Assets;

(iii) use its best efforts to maximize collections with respect to Shared-Loss MTM Assets and, if applicable for a particular Shared-Loss MTM Asset, without regard to the effect of maximizing collections on assets held by the Assuming Bank or any of its Affiliates that are not Shared-Loss MTM Assets, provided that, any sale of a Shared-Loss MTM Asset shall only be made with the prior approval of the Receiver or the Corporation;

(iv) adopt and implement accounting, reporting, record-keeping and similar systems with respect to the Shared-Loss MTM Assets, as provided in Section 3.4 hereof;

(v) retain sufficient staff to perform its duties hereunder; and

(vi) provide written notification in accordance with Article IV of this Commercial Shared-Loss Agreement immediately after the execution of any contract pursuant to which any third party (other than an Affiliate of the Assuming Bank) will manage, administer or collect any of the Shared-Loss MTM Assets, together with a copy of that contract.

(b) Any transaction with or between any Affiliate of the Assuming Bank with respect to any Shared-Loss MTM Asset including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Bank will manage, administer or collect any of the Shared-Loss Assets, or any other action involving self-dealing, shall be subject

to the prior written approval of the Receiver or the Corporation.

(c) The Assuming Bank shall not contract with third parties to provide services the cost of which would be a Reimbursable Expense or Recovery Expense if the Assuming Bank would have provided such services itself if the relevant Shared-Loss Assets were not subject to the loss-sharing provisions of Section 2.1 of this Commercial Shared-Loss Agreement.

3.4 Records and Reports. The Assuming Bank shall establish and maintain records on a separate general ledger, and on such subsidiary ledgers as may be appropriate to account for the Shared-Loss Assets and the Shared-Loss MTM Assets, in such form and detail as the Receiver or the Corporation may require, to enable the Assuming Bank to prepare and deliver to the Receiver or the Corporation such reports as the Receiver or the Corporation may from time to time request regarding the Shared-Loss Assets, the Shared-Loss MTM Assets and the Quarterly Certificates required by Section 2.1 of this Commercial Shared-Loss Agreement.

3.5 Related Loans.

(a) The Assuming Bank shall not manage, administer or collect any “Related Loan” in any manner which would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of the Shared-Loss Asset to which such loan is related. A “Related Loan” means any loan or extension of credit held by the Assuming Bank at any time on or prior to the end of the final Recovery Quarter that is: (i) made to the same Obligor with respect to a Loan that is a Shared-Loss Asset or with respect to a Loan from which Other Real Estate, Additional ORE or Subsidiary ORE derived, or (ii) attributable to the same primary Obligor with respect to any Loan described in clause (i) under the rules of the Assuming Bank’s Chartering Authority concerning the legal lending limits of financial institutions organized under its jurisdiction as in effect on the Commencement Date, as applied to the Assuming Bank.

(b) The Assuming Bank shall prepare and deliver to the Receiver with the Quarterly Certificates for the Calendar Quarters ending June 30 and December 31 for all Shared-Loss Quarters and Recovery Quarters, a schedule of all Related Loans which are commercial loans or commercial real estate loans with Legal Balances of \$500,000 or more on the Accounting Records of the Assuming Bank as of the end of each such semi-annual period, and all other commercial loans or commercial real estate loans attributable to the same Obligor on such loans of \$500,000 or more.

3.6 Legal Action; Utilization of Special Receivership Powers. The Assuming Bank shall notify the Receiver in writing (such notice to be given in accordance with Article IV below and to include all relevant details) prior to utilizing in any legal action any special legal power or right which the Assuming Bank derives as a result of having acquired a Shared-Loss Asset from the Receiver, and the Assuming Bank shall not utilize any such power unless the Receiver shall have consented in writing to the proposed usage. The Receiver shall have the right to direct such proposed usage by the Assuming Bank and the Assuming Bank shall comply in all respects with such direction. Upon request of the Receiver, the Assuming Bank will advise the Receiver as to the status of any such legal action. The Assuming Bank shall immediately notify the Receiver of any judgment in litigation involving any of the aforesaid special powers or rights.

3.7 Third Party Servicer. The Assuming Bank may perform any of its obligations and/or exercise any of its rights under this Commercial Shared-Loss Agreement through or by one or more Third Party Servicers, who may take actions and make expenditures as if any such Third Party Servicer was the Assuming Bank hereunder (and, for the avoidance of doubt, such expenses incurred by any such Third Party Servicer on behalf of the Assuming Bank shall be Reimbursable Expenses or Recovery Expenses, as the case may be, to the same extent such expenses would so qualify if incurred by the Assuming Bank); provided, however, that the use thereof by the Assuming Bank shall not release the Assuming Bank of any obligation or liability hereunder.

ARTICLE IV -- PORTFOLIO SALE

4.1 Assuming Bank Portfolio Sales of Remaining Shared-Loss Assets. The Assuming Bank shall have the right with the concurrence of the Receiver, commencing as of the first day of the third to last Shared-Loss Quarter, to liquidate for cash consideration, in one or more transactions, all or a portion of Shared-Loss Assets held by the Assuming Bank (“Portfolio Sales”). If the Assuming Bank exercises its option under this Section 4.1, it must give thirty (30) days notice in writing to the Receiver setting forth the details and schedule for the Portfolio Sale which shall be conducted by means of sealed bid sales to third parties, not including any of the Assuming Bank’s affiliates, contractors, or any affiliates of the Assuming Bank’s contractors.

4.2 Calculation of Sale Gain or Loss. For Shared-Loss Assets gain or loss on the sales under Section 4.1 will be calculated as the sale price received by the Assuming Bank less the book value of the remaining Shared-Loss Assets.

ARTICLE V -- LOSS-SHARING NOTICES GIVEN TO CORPORATION AND/OR RECEIVER

As a supplement to the notice provisions contained in Section 13.7 of the Purchase and Assumption Agreement, any notice, request, demand, consent, approval, or other communication (a “Notice”) given to the Corporation and/or the Receiver in the loss-sharing context shall be given as follows:

5.1 With respect to a Notice under Section 2 and Sections 3.1-3.5 of this Commercial Shared-Loss Agreement:

Federal Deposit Insurance Corporation
Division of Resolutions and Receiverships
550 17th Street, N.W.
Washington, D.C. 20429

Attention: Assistant Director, Franchise and Asset Marketing

5.2 With respect to a Notice under Section 3.6 of this Commercial Shared-Loss Agreement:

Federal Deposit Insurance Corporation
Legal Division
40 Pacifica
Irvine, California 92618

Attention: Managing Counsel

with a copy to:

Federal Deposit Insurance Corporation Legal Division
550 17th Street, N.W.
Washington, D.C. 20429

Attention: Senior Counsel (Special Issues Group)

ARTICLE VI – MISCELLANEOUS

6.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses incurred by a party hereto in connection with this Commercial Shared-Loss Agreement shall be borne by such party whether or not the transactions contemplated herein shall be consummated.

6.2 Successors and Assigns; Specific Performance. All terms and provisions of this Commercial Shared-Loss Agreement shall be binding upon and shall inure to the benefit of the parties hereto only; provided, however, that, Receiver may assign or otherwise transfer this Commercial Shared-Loss Agreement (in whole or in part) to the Federal Deposit Insurance Corporation in its corporate capacity without the consent of Assuming Bank. Notwithstanding anything to the contrary contained in this Commercial Shared-Loss Agreement, except as is expressly permitted in this Section 6.2, Assuming Bank may not assign or otherwise transfer this Commercial Shared-Loss Agreement (in whole or in part) without the prior written consent of the Receiver, which consent may be granted or withheld by the Receiver in its sole discretion, and any attempted assignment or transfer in violation of this provision shall be void *ab initio*. For the avoidance of doubt, a merger or consolidation of the Assuming Bank with and into another financial institution, the sale of all or substantially all of the assets of the Assuming Bank to another financial institution constitutes the transfer of this Commercial Shared-Loss Agreement which requires the consent of the Receiver; and for a period of thirty-six (36) months after Bank Closing, a merger or consolidation shall also include the sale by any individual shareholder, or shareholders acting in concert, of more than 9% of the outstanding shares of the Assuming Bank, or of its holding company, or of any subsidiary holding Shared-Loss Assets, or the sale of shares by the Assuming Bank or its holding company or any subsidiary holding Shared-Loss Assets, in a public or private offering, that increases the number of shares outstanding by more than 9%, constitutes the transfer of this Commercial Shared-Loss Agreement which requires the consent of the Receiver. However, no Loss shall be recognized as a result of any accounting adjustments that are made due to any such merger, consolidation or

sale consented to by the FDIC. The FDIC's consent shall not be required if the aggregate outstanding principal balance of Shared-Loss Assets is less than twenty percent (20%) of the initial aggregate balance of Shared-Loss Assets.

6.3 Governing Law. This Commercial Shared-Loss Agreement shall be construed in accordance with federal law, or, if there is no applicable federal law, the laws of the State of New York, without regard to any rule of conflict of law that would result in the application of the substantive law of any jurisdiction other than the State of New York.

6.4 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATING TO OR IN CONNECTION WITH THIS COMMERCIAL SHARED-LOSS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

6.5 Captions. All captions and headings contained in this Commercial Shared-Loss Agreement are for convenience of reference only and do not form a part of, and shall not affect the meaning or interpretation of, this Commercial Shared-Loss Agreement.

6.6 Entire Agreement; Amendments. This Commercial Shared-Loss Agreement, along with the Single Family Shared-Loss Agreement and the Purchase and Assumption Agreement, including the Exhibits and any other documents delivered pursuant hereto, embody the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior representations, warranties, offers, acceptances, agreements and understandings, written or oral, relating to the subject matter herein. This Commercial Shared-Loss Agreement may be amended or modified or any provision thereof waived only by a written instrument signed by both parties or their respective duly authorized agents.

6.7 Severability. Whenever possible, each provision of this Commercial Shared-Loss Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Commercial Shared-Loss Agreement is held to be prohibited by or invalid, illegal or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be prohibited, invalid, illegal or unenforceable, and the validity, legality and enforceability of the remainder of such provision and the remaining provisions of this Commercial Shared-Loss Agreement shall not in any way be affected or impaired thereby.

6.8 No Third Party Beneficiary. This Commercial Shared-Loss Agreement and the Exhibits hereto are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and permitted assigns and there shall be no other third party beneficiaries, and nothing in Commercial Shared-Loss Agreement or the Exhibits shall be construed to grant to any other Person any right, remedy or claim under or in respect of this Commercial Shared-Loss Agreement or any provision hereof.

6.9 Consent. Except as otherwise provided herein, when the consent of a party is

required herein, such consent shall not be unreasonably withheld or delayed.

6.10 Rights Cumulative. Except as otherwise expressly provided herein, the rights of each of the parties under this Commercial Shared-Loss Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party's rights under the Purchase and Sale Agreement and any of the related agreements or under law. Except as otherwise expressly provided herein, any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of such rights, shall not operate as a waiver or variation of that or any other such right.

PURCHASE AND ASSUMPTION AGREEMENT

WHOLE BANK

ALL DEPOSITS

AMONG

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF LA JOLLA BANK, FSB
LA JOLLA, CALIFORNIA**

FEDERAL DEPOSIT INSURANCE CORPORATION

and

ONEWEST BANK, FSB

DATED AS OF

FEBRUARY 19, 2010

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PURCHASE AND ASSUMPTION AGREEMENT

WHOLE BANK

ALL DEPOSITS

THIS AGREEMENT, made and entered into as of the 19th day of February, 2010, by and among the **FEDERAL DEPOSIT INSURANCE CORPORATION, RECEIVER of LA JOLLA BANK, FSB, LA JOLLA, CALIFORNIA** (the "Receiver"), **ONEWEST BANK, FSB**, organized under the laws of the United States of America, and having its principal place of business in **PASADENA, CALIFORNIA** (the "Assuming Institution"), and the **FEDERAL DEPOSIT INSURANCE CORPORATION**, organized under the laws of the United States of America and having its principal office in Washington, D.C., acting in its corporate capacity (the "Corporation").

WITNESSETH:

WHEREAS, on Bank Closing, the Chartering Authority closed **LA JOLLA BANK, FSB** (the "Failed Bank") pursuant to applicable law and the Corporation was appointed Receiver thereof; and

WHEREAS, the Assuming Institution desires to purchase certain assets and assume certain deposit and other liabilities of the Failed Bank on the terms and conditions set forth in this Agreement; and

WHEREAS, pursuant to 12 U.S.C. Section 1823(c)(2)(A), the Corporation may provide assistance to the Assuming Institution to facilitate the transactions contemplated by this Agreement, which assistance may include indemnification pursuant to Article XII; and

WHEREAS, the Board of Directors of the Corporation (the "Board") has determined to provide assistance to the Assuming Institution on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Board has determined pursuant to 12 U.S.C. Section 1823(c)(4)(A) that such assistance is necessary to meet the obligation of the Corporation to provide insurance coverage for the insured deposits in the Failed Bank.

NOW THEREFORE, in consideration of the mutual promises herein set forth and other valuable consideration, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings set forth in this Article I, or elsewhere in this Agreement. As used herein, words imparting the singular include the plural and vice versa.

"Accounting Records" means the general ledger and subsidiary ledgers and supporting schedules which support the general ledger balances.

"Acquired Subsidiaries" means Subsidiaries of the Failed Bank acquired pursuant to Section 3.1.

"Affiliate" of any Person means any director, officer, or employee of that Person and any other Person (i) who is directly or indirectly controlling, or controlled by, or under direct or indirect common control with, such Person, or (ii) who is an affiliate of such Person as the term "affiliate" is defined in Section 2 of the Bank Holding Company Act of 1956, as amended, 12 U.S.C. Section 1841.

"Agreement" means this Purchase and Assumption Agreement by and among the Assuming Institution, the Corporation and the Receiver, as amended or otherwise modified from time to time.

"Assets" means all assets of the Failed Bank purchased pursuant to Section 3.1. Assets owned by Subsidiaries of the Failed Bank are not "Assets" within the meaning of this definition.

"Assumed Deposits" means Deposits.

"Bank Closing" means the close of business of the Failed Bank on the date on which the Chartering Authority closed such institution.

"Bank Premises" means the banking houses, drive-in banking facilities, and teller facilities (staffed or automated) together with adjacent parking, storage and service facilities and structures connecting remote facilities to banking houses, and land on which the foregoing are located, and unimproved land that are owned or leased by the Failed Bank and that have formerly been utilized, are currently utilized, or are intended to be utilized in the future by the Failed Bank as shown on the Accounting Record of the Failed Bank as of Bank Closing.

"Bid Valuation Date" means January 7, 2010.

"Book Value" means, with respect to any Asset and any Liability Assumed, the dollar amount thereof stated on the Accounting Records of the Failed Bank. The Book Value of any item shall be determined as of Bank Closing after adjustments made by the Receiver for differences in accounts, suspense items, unposted debits and credits, and other similar

adjustments or corrections and for setoffs, whether voluntary or involuntary. The Book Value of a Subsidiary of the Failed Bank acquired by the Assuming Institution shall be determined from the investment in subsidiary and related accounts on the "bank only" (unconsolidated) balance sheet of the Failed Bank based on the equity method of accounting. Without limiting the generality of the foregoing, (i) the Book Value of a Liability Assumed shall include all accrued and unpaid interest thereon as of Bank Closing, and (ii) the Book Value of a Loan shall reflect adjustments for earned interest, or unearned interest (as it relates to the "rule of 78s" or add-on-interest loans, as applicable), if any, as of Bank Closing, adjustments for the portion of earned or unearned loan-related credit life and/or disability insurance premiums, if any, attributable to the Failed Bank as of Bank Closing, and adjustments for Failed Bank Advances, if any, in each case as determined for financial reporting purposes. The Book Value of an Asset shall not include any adjustment for loan premiums, discounts or any related deferred income, fees or expenses, or general or specific reserves on the Accounting Records of the Failed Bank.

"Business Day" means a day other than a Saturday, Sunday, Federal legal holiday or legal holiday under the laws of the State where the Failed Bank is located, or a day on which the principal office of the Corporation is closed.

"Chartering Authority" means (i) with respect to a national bank, the Office of the Comptroller of the Currency, (ii) with respect to a Federal savings association or savings bank, the Office of Thrift Supervision, (iii) with respect to a bank or savings institution chartered by a State, the agency of such State charged with primary responsibility for regulating and/or closing banks or savings institutions, as the case may be, (iv) the Corporation in accordance with 12 U.S.C. Section 1821(c), with regard to self appointment, or (v) the appropriate Federal banking agency in accordance with 12 U.S.C. 1821(c)(9).

"Commitment" means the unfunded portion of a line of credit or other commitment reflected on the books and records of the Failed Bank to make an extension of credit (or additional advances with respect to a Loan) that was legally binding on the Failed Bank as of Bank Closing, other than extensions of credit pursuant to the credit card business and overdraft protection plans of the Failed Bank, if any.

"Credit Documents" mean the agreements, instruments, certificates or other documents at any time evidencing or otherwise relating to, governing or executed in connection with or as security for, a Loan, including without limitation notes, bonds, loan agreements, letter of credit applications, lease financing contracts, banker's acceptances, drafts, interest protection agreements, currency exchange agreements, repurchase agreements, reverse repurchase agreements, guarantees, deeds of trust, mortgages, assignments, security agreements, pledges, subordination or priority agreements, lien priority agreements, undertakings, security instruments, certificates, documents, legal opinions, participation agreements and intercreditor agreements, and all amendments, modifications, renewals, extensions, rearrangements, and substitutions with respect to any of the foregoing.

"Credit File" means all Credit Documents and all other credit, collateral, or insurance documents in the possession or custody of the Assuming Institution, or any of its

Subsidiaries or Affiliates, relating to an Asset or a Loan included in a Put Notice, or copies of any thereof.

"Data Processing Lease" means any lease or licensing agreement, binding on the Failed Bank as of Bank Closing, the subject of which is data processing equipment or computer hardware or software used in connection with data processing activities. A lease or licensing agreement for computer software used in connection with data processing activities shall constitute a Data Processing Lease regardless of whether such lease or licensing agreement also covers data processing equipment.

"Deposit" means a deposit as defined in 12 U.S.C. Section 1813(l), including without limitation, outstanding cashier's checks and other official checks and all uncollected items included in the depositors' balances and credited on the books and records of the Failed Bank; provided, that the term "Deposit" shall not include all or any portion of those deposit balances which, in the discretion of the Receiver or the Corporation, (i) may be required to satisfy it for any liquidated or contingent liability of any depositor arising from an unauthorized or unlawful transaction, or (ii) may be needed to provide payment of any liability of any depositor to the Failed Bank or the Receiver, including the liability of any depositor as a director or officer of the Failed Bank, whether or not the amount of the liability is or can be determined as of Bank Closing.

"Deposit Secured Loan" means a loan in which the only collateral securing the loan is Assumed Deposits or deposits at other insured depository institutions

"Equity Adjustment" means the dollar amount resulting by subtracting the Book Value, as of Bank Closing, of all Liabilities Assumed under this Agreement by the Assuming Institution from the purchase price, as determined in accordance with this Agreement, as of Bank Closing, of all Assets acquired under this Agreement by the Assuming Institution, which may be a positive or a negative number.

"Failed Bank Advances" means the total sums paid by the Failed Bank to (i) protect its lien position, (ii) pay ad valorem taxes and hazard insurance, and (iii) pay credit life insurance, accident and health insurance, and vendor's single interest insurance.

"Fair Market Value" means (i)(a) "Market Value" as defined in the regulation prescribing the standards for real estate appraisals used in federally related transactions, 12 C.F.R. § 323.2(g), and accordingly shall mean the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;

- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale;

as determined as of Bank Closing by an appraiser chosen by the Assuming Institution from a list of acceptable appraisers provided by the Receiver; any costs and fees associated with such determination shall be shared equally by the Receiver and the Assuming Institution, and (b) which, with respect to Bank Premises (to the extent, if any, that Bank Premises are purchased utilizing this valuation method), shall be determined not later than sixty (60) days after Bank Closing by an appraiser selected by the Receiver and the Assuming Institution within seven (7) days after Bank Closing; or (ii) with respect to property other than Bank Premises purchased utilizing this valuation method, the price therefore as established by the Receiver and agreed to by the Assuming Institution, or in the absence of such agreement, as determined in accordance with clause (i)(a) above.

"First Loss Tranche" means the dollar amount of liability that the Assuming Institution will incur prior to the commencement of loss sharing, which is the sum of (i) the Assuming Institution's asset premium (discount) bid, as reflected on the Assuming Institution's bid form, plus (ii) the Assuming Institution's Deposit premium bid, as reflected on the Assuming Institution's bid form, plus (iii) the Equity Adjustment. The First Loss Tranche may be a positive or negative number.

"Fixtures" means those leasehold improvements, additions, alterations and installations constituting all or a part of Bank Premises and which were acquired, added, built, installed or purchased at the expense of the Failed Bank, regardless of the holder of legal title thereto as of Bank Closing.

"Furniture and Equipment" means the furniture and equipment, other than motor vehicles, leased or owned by the Failed Bank and reflected on the books of the Failed Bank as of Bank Closing and located on or at Bank Premises, including without limitation automated teller machines, carpeting, furniture, office machinery (including personal computers), shelving, office supplies, telephone, surveillance, security systems and artwork. Motor vehicles shall be considered other assets and pass at Book Value. Furniture and equipment located at a storage facility not adjacent to a Bank Premises are excluded from this definition.

"Indemnitees" means, except as provided in paragraph (11) of Section 12.1, (i) the Assuming Institution, (ii) the Subsidiaries and Affiliates of the Assuming Institution other than any Subsidiaries or Affiliates of the Failed Bank that are or become Subsidiaries or Affiliates of the Assuming Institution, and (iii) the directors, officers, employees and agents of the Assuming Institution and its Subsidiaries and Affiliates who are not also present or former directors, officers, employees or agents of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank.

"Legal Balance" means the amount of indebtedness legally owed by an Obligor with respect to a Loan, including principal and accrued and unpaid interest, late fees, attorneys' fees and expenses, taxes, insurance premiums, and similar charges, if any.

"Liabilities Assumed" has the meaning provided in Section 2.1.

"Lien" means any mortgage, lien, pledge, charge, assignment for security purposes, security interest, or encumbrance of any kind with respect to an Asset, including any conditional sale agreement or capital lease or other title retention agreement relating to such Asset.

"Loans" means all of the following owed to or held by the Failed Bank as of Bank Closing:

(i) loans (including loans which have been charged off the Accounting Records of the Failed Bank in whole or in part prior to and including the Bid Valuation Date), participation agreements, interests in participations, overdrafts of customers (including but not limited to overdrafts made pursuant to an overdraft protection plan or similar extensions of credit in connection with a deposit account), revolving commercial lines of credit, home equity lines of credit, Commitments, United States and/or State-guaranteed student loans, and lease financing contracts;

(ii) all Liens, rights (including rights of set-off), remedies, powers, privileges, demands, claims, priorities, equities and benefits owned or held by, or accruing or to accrue to or for the benefit of, the holder of the obligations or instruments referred to in clause (i) above, including but not limited to those arising under or based upon Credit Documents, casualty insurance policies and binders, standby letters of credit, mortgagee title insurance policies and binders, payment bonds and performance bonds at any time and from time to time existing with respect to any of the obligations or instruments referred to in clause (i) above; and

(iii) all amendments, modifications, renewals, extensions, refinancings, and refundings of or for any of the foregoing.

"Obligor" means each Person liable for the full or partial payment or performance of any Loan, whether such Person is obligated directly, indirectly, primarily, secondarily, jointly, or severally.

"Other Real Estate" means all interests in real estate (other than Bank Premises and Fixtures), including but not limited to mineral rights, leasehold rights, condominium and cooperative interests, air rights and development rights that are owned by the Failed Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, excluding the Corporation.

"Primary Indemnitor" means any Person (other than the Assuming Institution or any of its Affiliates) who is obligated to indemnify or insure, or otherwise make payments (including payments on account of claims made against) to or on behalf of any Person in connection with the claims covered under Article XII, including without limitation any insurer issuing any directors and officers liability policy or any Person issuing a financial institution bond or banker's blanket bond.

"Proforma" means producing a balance sheet that reflects a reasonably accurate financial statement of the Failed bank through the date of closing. The Proforma financial statements serve as a basis for the opening entries of both the Assuming Institution and the Receiver.

"Put Date" has the meaning provided in Section 3.4.

"Put Notice" has the meaning provided in Section 3.4.

"Qualified Financial Contract" means a qualified financial contract as defined in 12 U.S.C. Section 1821(e)(8)(D).

"Record" means any document, microfiche, microfilm and computer records (including but not limited to magnetic tape, disc storage, card forms and printed copy) of the Failed Bank generated or maintained by the Failed Bank that is owned by or in the possession of the Receiver at Bank Closing.

"Related Liability" with respect to any Asset means any liability existing and reflected on the Accounting Records of the Failed Bank as of Bank Closing for (i) indebtedness secured by mortgages, deeds of trust, chattel mortgages, security interests or other liens on or affecting such Asset, (ii) ad valorem taxes applicable to such Asset, and (iii) any other obligation determined by the Receiver to be directly related to such Asset.

"Related Liability Amount" with respect to any Related Liability on the books of the Assuming Institution, means the amount of such Related Liability as stated on the Accounting Records of the Assuming Institution (as maintained in accordance with generally accepted accounting principles) as of the date as of which the Related Liability Amount is being determined. With respect to a liability that relates to more than one asset, the amount of such Related Liability shall be allocated among such assets for the purpose of determining the Related Liability Amount with respect to any one of such assets. Such allocation shall be made by specific allocation, where determinable, and otherwise shall be pro rata based upon the dollar amount of such assets stated on the Accounting Records of the entity that owns such asset.

"Repurchase Price" means, with respect to any Asset, the Book Value multiplied by the appropriate Repurchase Percentage reflected on the attached Schedule 1 based on how that Asset was shown and coded on the books and records of the Failed Bank as of the Bid Valuation Date, adjusted to reflect changes to Book Value after Bank Closing, plus (i) any advances and interest on such Asset after Bank Closing, minus (ii) the total of amounts received by the Assuming Bank for such Asset, regardless of how applied, after Bank Closing, plus (iii)

advances made by Assuming Bank, plus (iv) total disbursements of principal made by Receiver that are not included in the Book Value.

"Safe Deposit Boxes" means the safe deposit boxes of the Failed Bank, if any, including the removable safe deposit boxes and safe deposit stacks in the Failed Bank's vault(s), all rights and benefits under rental agreements with respect to such safe deposit boxes, and all keys and combinations thereto.

"Settlement Date" means three hundred and sixty five (365) days after Bank Closing, or such other date prior thereto as may be agreed upon by the Receiver and the Assuming Institution. The Receiver, in its discretion, may extend the Settlement Date.

"Settlement Interest Rate" means, for the first calendar quarter or portion thereof during which interest accrues, the rate determined by the Receiver to be equal to the equivalent coupon issue yield on twenty-six (26)-week United States Treasury Bills in effect as of Bank Closing as published in The Wall Street Journal; provided, that if no such equivalent coupon issue yield is available as of Bank Closing, the equivalent coupon issue yield for such Treasury Bills most recently published in The Wall Street Journal prior to Bank Closing shall be used. Thereafter, the rate shall be adjusted to the rate determined by the Receiver to be equal to the equivalent coupon issue yield on such Treasury Bills in effect as of the first day of each succeeding calendar quarter during which interest accrues as published in The Wall Street Journal.

"Subsidiary" has the meaning set forth in Section 3(w)(4) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1813(w)(4), as amended.

ARTICLE II ASSUMPTION OF LIABILITIES

2.1 Liabilities Assumed by Assuming Institution. The Assuming Institution expressly assumes at Book Value (subject to adjustment pursuant to Article VIII) and agrees to pay, perform, and discharge all of the following liabilities of the Failed Bank as of Bank Closing, except as otherwise provided in this Agreement (such liabilities referred to as "Liabilities Assumed"):

- (a) Assumed Deposits, except those Deposits specifically listed on Schedule 2.1(a); provided, that as to any Deposits of public money which are Assumed Deposits, the Assuming Institution agrees to properly secure such Deposits with such Assets as appropriate which, prior to Bank Closing, were pledged as security by the Failed Bank, or with assets of the Assuming Institution, if such securing Assets, if any, are insufficient to properly secure such Deposits;
- (b) liabilities for indebtedness secured by mortgages, deeds of trust, chattel mortgages, security interests or other liens on or affecting any Assets, if any; provided, that the assumption of any liability pursuant to this paragraph shall be

limited to the market value of the Assets securing such liability as determined by the Receiver;

(c) borrowings from Federal Reserve Banks and Federal Home Loan Banks, if any, provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the assets securing such liability as determined by the Receiver; and overdrafts, debit balances, service charges, reclamations, and adjustments to accounts with the Federal Reserve Banks as reflected on the books and records of any such Federal Reserve Bank within ninety (90) days after Bank Closing, if any;

(d) ad valorem taxes applicable to any Asset, if any; provided, that the assumption of any ad valorem taxes pursuant to this paragraph shall be limited to an amount equal to the market value of the Asset to which such taxes apply as determined by the Receiver;

(e) liabilities, if any, for federal funds purchased, repurchase agreements and overdrafts in accounts maintained with other depository institutions (including any accrued and unpaid interest thereon computed to and including Bank Closing); provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the Assets securing such liability as determined by the Receiver;

(f) United States Treasury tax and loan note option accounts, if any;

(g) liabilities for any acceptance or commercial letter of credit (other than "standby letters of credit" as defined in 12 C.F.R. Section 337.2(a)); provided, that the assumption of any liability pursuant to this paragraph shall be limited to the market value of the Assets securing such liability as determined by the Receiver;

(h) duties and obligations assumed pursuant to this Agreement including without limitation those relating to the Failed Bank's Records, credit card business, overdraft protection plans, safe deposit business, safekeeping business or trust business, if any;

(i) liabilities, if any, for Commitments;

(j) liabilities, if any, for amounts owed to any Subsidiary of the Failed Bank acquired under Section 3.1;

(k) liabilities, if any, with respect to Qualified Financial Contracts;

(l) duties and obligations under any contract pursuant to which the Failed Bank provides mortgage servicing for others, or mortgage servicing is provided to the Failed Bank by others; and

(m) all asset-related offensive litigation liabilities and all asset-related defensive litigation liabilities, but only to the extent such liabilities relate to assets subject to a loss share agreement, and provided that all other defensive litigation and any class actions with respect to credit card business are retained by the Receiver.

Schedule 2.1 attached hereto and incorporated herein sets forth certain categories of Liabilities Assumed and the aggregate Book Value of the Liabilities Assumed in such categories. Such schedule is based upon the best information available to the Receiver and may be adjusted as provided in Article VIII.

2.2 Interest on Deposit Liabilities. The Assuming Institution agrees that, from and after Bank Closing, it will accrue and pay interest on Deposit liabilities assumed pursuant to Section 2.1 at a rate(s) it shall determine; provided, that for non-transaction Deposit liabilities such rate(s) shall not be less than the lowest rate offered by the Assuming Institution to its depositors for non-transaction deposit accounts. The Assuming Institution shall permit each depositor to withdraw, without penalty for early withdrawal, all or any portion of such depositor's Deposit, whether or not the Assuming Institution elects to pay interest in accordance with any deposit agreement formerly existing between the Failed Bank and such depositor; and further provided, that if such Deposit has been pledged to secure an obligation of the depositor or other party, any withdrawal thereof shall be subject to the terms of the agreement governing such pledge. The Assuming Institution shall give notice to such depositors as provided in Section 5.3 of the rate(s) of interest which it has determined to pay and of such withdrawal rights.

2.3 Unclaimed Deposits. Fifteen (15) months following the Bank Closing Date, the Assuming Institution will provide the Receiver a listing of all deposit accounts, including the type of account, not claimed by the depositor. The Receiver will review the list and authorize the Assuming Institution to act on behalf of the Receiver to send a "Final Legal Notice" in a form substantially similar to Exhibit 2.3A to the owner(s) of the unclaimed deposits reminding them of the need to claim or arrange to continue their account(s) with the Assuming Institution. The Assuming Institution will send the "Final Legal Notice" to the depositors within thirty (30) days following notification of the Receiver's authorization. The Assuming Institution will prepare an Affidavit of Mailing and will forward the Affidavit of Mailing to the Receiver after mailing out the "Final Legal Notice" in a form substantially similar to Exhibit 2.3B to the owner(s) of unclaimed deposit accounts.

If, within eighteen (18) months after Bank Closing, any depositor of the Failed Bank does not claim or arrange to continue such depositor's Deposit assumed pursuant to Section 2.1 at the Assuming Institution, the Assuming Institution shall, within fifteen (15) Business Days after the end of such eighteen (18) month period, (i) refund to the Receiver the full amount of each such deposit (without reduction for service charges), (ii) provide to the Receiver a schedule of all such refunded Deposits in such form as may be prescribed by the Receiver, and (iii) assign, transfer, convey, and deliver to the Receiver, all right, title, and interest of the Assuming Institution in and to the Records previously transferred to the Assuming Institution and other records generated or maintained by the Assuming Institution pertaining to such Deposits. During such eighteen (18)

month period, at the request of the Receiver, the Assuming Institution promptly shall provide to the Receiver schedules of unclaimed deposits in such form as may be prescribed by the Receiver.

2.4 Employee Plans. Except as provided in Section 4.12, the Assuming Institution shall have no liabilities, obligations or responsibilities under the Failed Bank's health care, bonus, vacation, pension, profit sharing, deferred compensation, 401K or stock purchase plans or similar plans, if any, unless the Receiver and the Assuming Institution agree otherwise subsequent to the date of this Agreement.

ARTICLE III PURCHASE OF ASSETS

3.1 Assets Purchased by Assuming Institution. With the exception of certain assets expressly excluded in Sections 3.5 and 3.6, the Assuming Institution hereby purchases from the Receiver, and the Receiver hereby sells, assigns, transfers, conveys, and delivers to the Assuming Institution, all right, title, and interest of the Receiver in and to all of the assets (real, personal and mixed, wherever located and however acquired) including all subsidiaries, joint ventures, partnerships, and any and all other business combinations or arrangements, whether active, inactive, dissolved or terminated, of the Failed Bank whether or not reflected on the books of the Failed Bank as of Bank Closing. Schedule 3.1 attached hereto and incorporated herein sets forth certain categories of Assets purchased hereunder. Such schedule is based upon the best information available to the Receiver and may be adjusted as provided in Article VIII. Assets are purchased hereunder by the Assuming Institution subject to all liabilities for indebtedness collateralized by Liens affecting such Assets to the extent provided in Section 2.1. Notwithstanding Section 4.8, the Assuming Institution specifically purchases all mortgage servicing rights and obligations of the Failed Bank.

3.2 Asset Purchase Price.

(a) All Assets and assets of the Failed Bank subject to an option to purchase by the Assuming Institution shall be purchased for the amount, or the amount resulting from the method specified for determining the amount, as specified on Schedule 3.2, except as otherwise may be provided herein. Any Asset, asset of the Failed Bank subject to an option to purchase or other asset purchased for which no purchase price is specified on Schedule 3.2 or otherwise herein shall be purchased at its Book Value. Loans or other assets charged off the Accounting Records of the Failed Bank before the Bid Valuation Date shall be purchased at a price of zero.

(b) The purchase price for securities (other than the capital stock of any Acquired Subsidiary and FRB and FHLB stock) purchased under Section 3.1 by the Assuming Institution shall be the market value thereof as of Bank Closing, which market value shall be (i) the market price for each such security quoted at the close of the trading day effective on Bank Closing as published electronically by Bloomberg, L.P., or alternatively, at the discretion of the Receiver, IDC/Financial Times (FT) Interactive Data; (ii) provided, that if such market price is not available for any such security, the Assuming Institution will submit a bid for each such security within three days of notification/bid request by the Receiver (unless a different time period is

agreed to by the Assuming Institution and the Receiver) and the Receiver, in its sole discretion will accept or reject each such bid; and (iii) further provided in the absence of an acceptable bid from the Assuming Institution, each such security shall not pass to the Assuming Institution and shall be deemed to be an excluded asset hereunder.

(c) Qualified Financial Contracts shall be purchased at market value determined in accordance with the terms of Exhibit 3.2(c). Any costs associated with such valuation shall be shared equally by the Receiver and the Assuming Institution.

3.3 Manner of Conveyance; Limited Warranty; Nonrecourse; Etc. THE CONVEYANCE OF ALL ASSETS, INCLUDING REAL AND PERSONAL PROPERTY INTERESTS, PURCHASED BY THE ASSUMING INSTITUTION UNDER THIS AGREEMENT SHALL BE MADE, AS NECESSARY, BY RECEIVER'S DEED OR RECEIVER'S BILL OF SALE, "AS IS", "WHERE IS", WITHOUT RECOURSE AND, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, WITHOUT ANY WARRANTIES WHATSOEVER WITH RESPECT TO SUCH ASSETS, EXPRESS OR IMPLIED, WITH RESPECT TO TITLE, ENFORCEABILITY, COLLECTIBILITY, DOCUMENTATION OR FREEDOM FROM LIENS OR ENCUMBRANCES (IN WHOLE OR IN PART), OR ANY OTHER MATTERS.

3.4 Puts of Assets to the Receiver.

(a) **Puts Within 30 Days After Bank Closing.** During the thirty (30)-day period following Bank Closing and only during such period (which thirty (30)-day period may be extended in writing in the sole absolute discretion of the Receiver for any Loan), in accordance with this Section 3.4, the Assuming Institution shall be entitled to require the Receiver to purchase any Deposit Secured Loan transferred to the Assuming Institution pursuant to Section 3.1 which is not fully secured by Assumed Deposits or deposits at other insured depository institutions due to either insufficient Assumed Deposit or deposit collateral or deficient documentation regarding such collateral; provided with regard to any Deposit Secured Loan secured by an Assumed Deposit, no such purchase may be required until any Deposit setoff determination, whether voluntary or involuntary, has been made; and,

at the end of the thirty (30)-day period following Bank Closing and at that time only, in accordance with this Section 3.4, the Assuming Institution shall be entitled to require the Receiver to purchase any remaining overdraft transferred to the Assuming Institution pursuant to 3.1 which both was made after the Bid Valuation Date and was not made pursuant to an overdraft protection plan or similar extension of credit.

Notwithstanding the foregoing, the Assuming Institution shall not have the right to require the Receiver to purchase any Loan if (i) the Obligor with respect to such Loan is an Acquired Subsidiary, or (ii) the Assuming Institution has:

- (A) made any advance in accordance with the terms of a Commitment or otherwise with respect to such Loan;

- (B) taken any action that increased the amount of a Related Liability with respect to such Loan over the amount of such liability immediately prior to the time of such action;
- (C) created or permitted to be created any Lien on such Loan which secures indebtedness for money borrowed or which constitutes a conditional sales agreement, capital lease or other title retention agreement;
- (D) entered into, agreed to make, grant or permit, or made, granted or permitted any modification or amendment to, any waiver or extension with respect to, or any renewal, refinancing or refunding of, such Loan or related Credit Documents or collateral, including, without limitation, any act or omission which diminished such collateral; or
- (E) sold, assigned or transferred all or a portion of such Loan to a third party (whether with or without recourse).

The Assuming Institution shall transfer all such Assets to the Receiver without recourse, and shall indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Institution with respect to any such Asset, as provided in Section 12.4.

(b) **Puts Prior to the Settlement Date.** During the period from the Bank Closing Date to and including the Business Day immediately preceding the Settlement Date, the Assuming Bank shall be entitled to require the Receiver to purchase any Asset which the Assuming Bank can establish is evidenced by forged or stolen instruments as of the Bank Closing Date; provided, that, the Assuming Bank shall not have the right to require the Receiver to purchase any such Asset with respect to which the Assuming Bank has taken any action referred to in Section 3.4(a)(ii) with respect to such Asset. The Assuming Bank shall transfer all such Assets to the Receiver without recourse, and shall indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Bank with respect to any such Asset, as provided in Section 12.4.

(c) **Notices to the Receiver.** In the event that the Assuming Institution elects to require the Receiver to purchase one or more Assets, the Assuming Institution shall deliver to the Receiver a notice (a "Put Notice") which shall include:

- (i) a list of all Assets that the Assuming Institution requires the Receiver to purchase;
- (ii) a list of all Related Liabilities with respect to the Assets identified pursuant to (i) above; and
- (iii) a statement of the estimated Repurchase Price of each Asset identified pursuant to (i) above as of the applicable Put Date.

Such notice shall be in the form prescribed by the Receiver or such other form to which the Receiver shall consent. As provided in Section 9.6, the Assuming Institution shall deliver to the Receiver such documents, Credit Files and such additional information relating to the subject matter of the Put Notice as the Receiver may request and shall provide to the Receiver full access to all other relevant books and records.

(d) **Purchase by Receiver.** The Receiver shall purchase Assets that are specified in the Put Notice and shall assume Related Liabilities with respect to such Assets, and the transfer of such Assets and Related Liabilities shall be effective as of a date determined by the Receiver which date shall not be later than thirty (30) days after receipt by the Receiver of the Put Notice (the "Put Date").

(e) **Purchase Price and Payment Date.** Each Asset purchased by the Receiver pursuant to this Section 3.4 shall be purchased at a price equal to the Repurchase Price of such Asset less the Related Liability Amount applicable to such Asset, in each case determined as of the applicable Put Date. If the difference between such Repurchase Price and such Related Liability Amount is positive, then the Receiver shall pay to the Assuming Institution the amount of such difference; if the difference between such amounts is negative, then the Assuming Institution shall pay to the Receiver the amount of such difference. The Assuming Institution or the Receiver, as the case may be, shall pay the purchase price determined pursuant to this Section 3.4(d) not later than the twentieth (20th) Business Day following the applicable Put Date, together with interest on such amount at the Settlement Interest Rate for the period from and including such Put Date to and including the day preceding the date upon which payment is made.

(f) **Servicing.** The Assuming Institution shall administer and manage any Asset subject to purchase by the Receiver in accordance with usual and prudent banking standards and business practices until such time as such Asset is purchased by the Receiver.

(g) **Reversals.** In the event that the Receiver purchases an Asset (and assumes the Related Liability) that it is not required to purchase pursuant to this Section 3.4, the Assuming Institution shall repurchase such Asset (and assume such Related Liability) from the Receiver at a price computed so as to achieve the same economic result as would apply if the Receiver had never purchased such Asset pursuant to this Section 3.4.

3.5 Assets Not Purchased by Assuming Institution. The Assuming Institution does not purchase, acquire or assume, or (except as otherwise expressly provided in this Agreement) obtain an option to purchase, acquire or assume under this Agreement:

(a) any financial institution bonds, banker's blanket bonds, or public liability, fire, extended coverage insurance policy, bank owned life insurance or any other insurance policy of the Failed Bank, or premium refund, unearned premium derived from cancellation, or any proceeds payable with respect to any of the foregoing;

(b) any interest, right, action, claim, or judgment against (i) any officer, director, employee, accountant, attorney, or any other Person employed or retained by the Failed Bank or

any Subsidiary of the Failed Bank on or prior to Bank Closing arising out of any act or omission of such Person in such capacity, (ii) any underwriter of financial institution bonds, banker's blanket bonds or any other insurance policy of the Failed Bank, (iii) any shareholder or holding company of the Failed Bank, or (iv) any other Person whose action or inaction may be related to any loss (exclusive of any loss resulting from such Person's failure to pay on a Loan made by the Failed Bank) incurred by the Failed Bank; provided, that for the purposes hereof, the acts, omissions or other events giving rise to any such claim shall have occurred on or before Bank Closing, regardless of when any such claim is discovered and regardless of whether any such claim is made with respect to a financial institution bond, banker's blanket bond, or any other insurance policy of the Failed Bank in force as of Bank Closing;

- (c) prepaid regulatory assessments of the Failed Bank, if any;
- (d) legal or equitable interests in tax receivables of the Failed Bank, if any, including any claims arising as a result of the Failed Bank having entered into any agreement or otherwise being joined with another Person with respect to the filing of tax returns or the payment of taxes;
- (e) amounts reflected on the Accounting Records of the Failed Bank as of Bank Closing as a general or specific loss reserve or contingency account, if any;
- (f) leased or owned Bank Premises and leased or owned Furniture and Equipment and Fixtures and data processing equipment (including hardware and software) located on leased or owned Bank Premises, if any; provided, that the Assuming Institution does obtain an option under Section 4.6, Section 4.7 or Section 4.8, as the case may be, with respect thereto;
- (g) owned Bank Premises which the Receiver, in its discretion, determines may contain environmentally hazardous substances;
- (h) any "goodwill," as such term is defined in the instructions to the report of condition prepared by banks examined by the Corporation in accordance with 12 C.F.R. Section 304.3, and other intangibles;
- (i) any criminal restitution or forfeiture orders issued in favor of the Failed Bank;
- (j) the Loans listed on the attached Schedule 3.5 (j);
- (k) assets essential to the Receiver in accordance with Section 3.6;
- (l) the securities listed on the attached Schedule 3.5(l); and
- (m) prepaid accounts associated with any contract or agreement that the Assuming Institution either does not directly assume pursuant to the terms of this Agreement nor has an option to assume under Section 4.8.

3.6 Retention or Repurchase of Assets Essential to Receiver.

(a) The Receiver may refuse to sell to the Assuming Institution, or the Assuming Institution agrees, at the request of the Receiver set forth in a written notice to the Assuming Institution, to assign, transfer, convey, and deliver to the Receiver all of the Assuming Institution's right, title and interest in and to, any Asset or asset essential to the Receiver as determined by the Receiver in its discretion (together with all Credit Documents evidencing or pertaining thereto), which may include any Asset or asset that the Receiver determines to be:

- (i) made to an officer, director, or other Person engaging in the affairs of the Failed Bank, its Subsidiaries or Affiliates or any related entities of any of the foregoing;
- (ii) the subject of any investigation relating to any claim with respect to any item described in Section 3.5(a) or (b), or the subject of, or potentially the subject of, any legal proceedings;
- (iii) made to a Person who is an Obligor on a loan owned by the Receiver or the Corporation in its corporate capacity or its capacity as receiver of any institution;
- (iv) secured by collateral which also secures any asset owned by the Receiver; or
- (v) related to any asset of the Failed Bank not purchased by the Assuming Institution under this Article III or any liability of the Failed Bank not assumed by the Assuming Institution under Article II.

(b) Each such Asset or asset purchased by the Receiver shall be purchased at a price equal to the Repurchase Price thereof less the Related Liability Amount with respect to any Related Liabilities related to such Asset or asset, in each case determined as of the date of the notice provided by the Receiver pursuant to Section 3.6(a). The Receiver shall pay the Assuming Institution not later than the twentieth (20th) Business Day following receipt of related Credit Documents and Credit Files together with interest on such amount at the Settlement Interest Rate for the period from and including the date of receipt of such documents to and including the day preceding the day on which payment is made. The Assuming Institution agrees to administer and manage each such Asset or asset in accordance with usual and prudent banking standards and business practices until each such Asset or asset is purchased by the Receiver. All transfers with respect to Asset or assets under this Section 3.6 shall be made as provided in Section 9.6. The Assuming Institution shall transfer all such Asset or assets and Related Liabilities to the Receiver without recourse, and shall indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Institution with respect to any such Asset or asset, as provided in Section 12.4.

ARTICLE IV ASSUMPTION OF CERTAIN DUTIES AND OBLIGATIONS

The Assuming Institution agrees with the Receiver and the Corporation as follows:

4.1 Continuation of Banking Business. For the period commencing the first banking Business Day after Bank Closing and ending no earlier than ninety (90) days after Bank Closing, the Assuming Institution will provide full service banking in the trade area of the Failed Bank. Thereafter, the Assuming Institution may close or sell a branch of the Failed Bank if: (i) the business of such branch can be consolidated into an existing branch of the Assuming Institution in the same trade area of such Failed Bank branch; or (ii) the Assuming Institution has received regulatory approval to close or sell the branch, if the Receiver determines that there are substantial banking alternatives within the trade area of such Failed Bank branch. The trade area shall be determined by the Receiver. Assuming Institution will pay to the Receiver, upon the sale of a branch or branches within one (1) year following the date of this agreement, fifty percent (50%) of any franchise premium in excess of the franchise premium paid by the Assuming Institution with respect to such branch or branches. Additionally for the avoidance of doubt, it is understood and agreed between the parties that the Receiver does not consider Dallas, Texas to be within the trade area of the Failed Bank and that the Assuming Institution may close the Dallas, Texas branch of the Failed Bank immediately after Bank Closing, provided the Assuming Institution has obtained the consent of its primary regulator (the Office of Thrift Supervision) to close the Dallas, Texas branch of the Failed Bank.

4.2 Agreement with Respect to Credit Card Business. The Assuming Institution agrees to honor and perform, from and after Bank Closing, all duties and obligations with respect to the Failed Bank's credit card business, and/or processing related to credit cards, if any, and assumes all outstanding extensions of credit with respect thereto.

4.3 Agreement with Respect to Safe Deposit Business. The Assuming Institution assumes and agrees to discharge, from and after Bank Closing, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank with respect to all Safe Deposit Boxes, if any, of the Failed Bank and to maintain all of the necessary facilities for the use of such boxes by the renters thereof during the period for which such boxes have been rented and the rent therefore paid to the Failed Bank, subject to the provisions of the rental agreements between the Failed Bank and the respective renters of such boxes; provided, that the Assuming Institution may relocate the Safe Deposit Boxes of the Failed Bank to any office of the Assuming Institution located in the trade area of the Failed Bank. The Safe Deposit Boxes shall be located and maintained in the trade area of the Failed Bank for a minimum of one year from Bank Closing. The trade area shall be determined by the Receiver. Fees related to the safe deposit business earned prior to the Bank Closing Date shall be for the benefit of the Receiver and fees earned after the Bank Closing Date shall be for the benefit of the Assuming Institution.

4.4 Agreement with Respect to Safekeeping Business. The Receiver transfers, conveys and delivers to the Assuming Institution and the Assuming Institution accepts all securities and other items, if any, held by the Failed Bank in safekeeping for its customers as of Bank Closing. The Assuming Institution assumes and agrees to honor and discharge, from and

after Bank Closing, the duties and obligations of the Failed Bank with respect to such securities and items held in safekeeping. The Assuming Institution shall be entitled to all rights and benefits heretofore accrued or hereafter accruing with respect thereto. The Assuming Institution shall provide to the Receiver written verification of all assets held by the Failed Bank for safekeeping within sixty (60) days after Bank Closing. The assets held for safekeeping by the Failed Bank shall be held and maintained by the Assuming Institution in the trade area of the Failed Bank for a minimum of one year from Bank Closing. At the option of the Assuming Institution, the safekeeping business may be provided at any or all of the Bank Premises, or at other premises within such trade area. The trade area shall be determined by the Receiver. Fees related to the safekeeping business earned prior to the Bank Closing Date shall be for the benefit of the Receiver and fees earned after the Bank Closing Date shall be for the benefit of the Assuming Institution.

4.5 Agreement with Respect to Trust Business.

(a) The Assuming Institution shall, without further transfer, substitution, act or deed, to the full extent permitted by law, succeed to the rights, obligations, properties, assets, investments, deposits, agreements, and trusts of the Failed Bank under trusts, executorships, administrations, guardianships, and agencies, and other fiduciary or representative capacities, all to the same extent as though the Assuming Institution had assumed the same from the Failed Bank prior to Bank Closing; provided, that any liability based on the misfeasance, malfeasance or nonfeasance of the Failed Bank, its directors, officers, employees or agents with respect to the trust business is not assumed hereunder.

(b) The Assuming Institution shall, to the full extent permitted by law, succeed to, and be entitled to take and execute, the appointment to all executorships, trusteeships, guardianships and other fiduciary or representative capacities to which the Failed Bank is or may be named in wills, whenever probated, or to which the Failed Bank is or may be named or appointed by any other instrument.

(c) In the event additional proceedings of any kind are necessary to accomplish the transfer of such trust business, the Assuming Institution agrees that, at its own expense, it will take whatever action is necessary to accomplish such transfer. The Receiver agrees to use reasonable efforts to assist the Assuming Institution in accomplishing such transfer.

(d) The Assuming Institution shall provide to the Receiver written verification of the assets held in connection with the Failed Bank's trust business within sixty (60) days after Bank Closing.

4.6 Agreement with Respect to Bank Premises.

(a) **Option to Purchase.** Subject to Section 3.5, the Receiver hereby grants to the Assuming Institution an exclusive option for the period of one hundred and seventy (170) days commencing the day after Bank Closing to purchase any or all owned Bank Premises, including all Furniture, Fixtures and Equipment located on the Bank Premises. The Assuming Institution shall give written notice to the Receiver within the option period of its election to purchase or not

to purchase any of the owned Bank Premises. Any purchase of such premises shall be effective as of the date of Bank Closing and such purchase shall be consummated as soon as practicable thereafter, and in no event later than the Settlement Date. If the Assuming Institution gives notice of its election not to purchase one or more of the owned Bank Premises within seven (7) days of Bank Closing, then, notwithstanding any other provision of this Agreement to the contrary, the Assuming Institution shall not be liable for any of the costs or fees associated with appraisals for such Bank Premises and associated Fixtures, Furniture and Equipment.

(b) **Option to Lease.** The Receiver hereby grants to the Assuming Institution an exclusive option for the period of one hundred and seventy (170) days commencing the day after Bank Closing to cause the Receiver to assign to the Assuming Institution any or all leases for leased Bank Premises, if any, which have been continuously occupied by the Assuming Institution from Bank Closing to the date it elects to accept an assignment of the leases with respect thereto to the extent such leases can be assigned; provided, that the exercise of this option with respect to any lease must be as to all premises or other property subject to the lease. If an assignment cannot be made of any such leases, the Receiver may, in its discretion, enter into subleases with the Assuming Institution containing the same terms and conditions provided under such existing leases for such leased Bank Premises or other property. The Assuming Institution shall give notice to the Receiver within the option period of its election to accept or not to accept an assignment of any or all leases (or enter into subleases or new leases in lieu thereof). The Assuming Institution agrees to assume all leases assigned (or enter into subleases or new leases in lieu thereof) pursuant to this Section 4.6. If the Assuming Institution gives notice of its election not to accept an assignment of a lease for one or more of the leased Bank Premises within seven (7) days of Bank Closing, then, notwithstanding any other provision of this Agreement to the contrary, the Assuming Institution shall not be liable for any of the costs or fees associated with appraisals for the Fixtures, Furniture and Equipment located on such leased Bank Premises.

(c) **Facilitation.** The Receiver agrees to facilitate the assumption, assignment or sublease of leases or the negotiation of new leases by the Assuming Institution; provided, that neither the Receiver nor the Corporation shall be obligated to engage in litigation, make payments to the Assuming Institution or to any third party in connection with facilitating any such assumption, assignment, sublease or negotiation or commit to any other obligations to third parties.

(d) **Occupancy.** The Assuming Institution shall give the Receiver fifteen (15) days' prior written notice of its intention to vacate prior to vacating any leased Bank Premises with respect to which the Assuming Institution has not exercised the option provided in Section 4.6(b). Any such notice shall be deemed to terminate the Assuming Institution's option with respect to such leased Bank Premises.

(e) **Occupancy Costs.**

(i) The Assuming Institution agrees to pay to the Receiver, or to appropriate third parties at the direction of the Receiver, during and for the period of any occupancy by it of (x) owned Bank Premises the market rental value, as determined by the appraiser selected in

accordance with the definition of Fair Market Value, and all operating costs, and (y) leased Bank Premises, all operating costs with respect thereto and to comply with all relevant terms of applicable leases entered into by the Failed Bank, including without limitation the timely payment of all rent. Operating costs include, without limitation all taxes, fees, charges, utilities, insurance and assessments, to the extent not included in the rental value or rent. If the Assuming Institution elects to purchase any owned Bank Premises in accordance with Section 4.6(a), the amount of any rent paid (and taxes paid to the Receiver which have not been paid to the taxing authority and for which the Assuming Institution assumes liability) by the Assuming Institution with respect thereto shall be applied as an offset against the purchase price thereof.

(ii) The Assuming Institution agrees during the period of occupancy by it of owned or leased Bank Premises, to pay to the Receiver rent for the use of all owned or leased Furniture and Equipment and all owned or leased Fixtures located on such Bank Premises for the period of such occupancy. Rent for such property owned by the Failed Bank shall be the market rental value thereof, as determined by the Receiver within sixty (60) days after Bank Closing. Rent for such leased property shall be an amount equal to any and all rent and other amounts which the Receiver incurs or accrues as an obligation or is obligated to pay for such period of occupancy pursuant to all leases and contracts with respect to such property. If the Assuming Institution purchases any owned Furniture and Equipment or owned Fixtures in accordance with Section 4.6(f) or 4.6(h), the amount of any rents paid by the Assuming Institution with respect thereto shall be applied as an offset against the purchase price thereof.

(f) **Certain Requirements as to Furniture, Equipment and Fixtures.** If the Assuming Institution purchases owned Bank Premises or accepts an assignment of the lease (or enters into a sublease or a new lease in lieu thereof) for leased Bank Premises as provided in Section 4.6(a) or 4.6(b), or if the Assuming Institution does not exercise such option but within twelve (12) months following Bank Closing obtains the right to occupy such premises (whether by assignment, lease, sublease, purchase or otherwise), other than in accordance with Section 4.6(a) or (b), the Assuming Institution shall (i) effective as of the date of Bank Closing, purchase from the Receiver all Furniture and Equipment and Fixtures owned by the Failed Bank at Fair Market Value and located thereon as of Bank Closing, (ii) accept an assignment or a sublease of the leases or negotiate new leases for all Furniture and Equipment and Fixtures leased by the Failed Bank and located thereon, and (iii) if applicable, accept an assignment or a sublease of any ground lease or negotiate a new ground lease with respect to any land on which such Bank Premises are located; provided, that the Receiver shall not have disposed of such Furniture and Equipment and Fixtures or repudiated the leases specified in clause (ii) or (iii).

(g) **Vacating Premises.**

(i) If the Assuming Institution elects not to purchase any owned Bank Premises, the notice of such election in accordance with Section 4.6(a) shall specify the date upon which the Assuming Institution's occupancy of such premises shall terminate, which date shall not be later than ninety (90) days after the date of the Assuming Institution's notice not to exercise such option. The Assuming Institution promptly shall relinquish and release to the Receiver such premises and the Furniture and Equipment and Fixtures located thereon in the same condition as at Bank Closing, normal wear and tear excepted. By occupying any such

premises after the expiration of such ninety (90)-day period, the Assuming Institution shall, at the Receiver's option, (x) be deemed to have agreed to purchase such Bank Premises, and to assume all leases, obligations and liabilities with respect to leased Furniture and Equipment and leased Fixtures located thereon and any ground lease with respect to the land on which such premises are located, and (y) be required to purchase all Furniture and Equipment and Fixtures owned by the Failed Bank and located on such premises as of Bank Closing.

(ii) If the Assuming Institution elects not to accept an assignment of the lease or sublease any leased Bank Premises, the notice of such election in accordance with Section 4.6(b) shall specify the date upon which the Assuming Institution's occupancy of such leased Bank Premises shall terminate, which date shall not be later than one hundred and eighty (180) days after Bank Closing. Upon vacating such premises, the Assuming Institution shall relinquish and release to the Receiver such premises and the Fixtures and the Furniture and Equipment located thereon in the same condition as at Bank Closing, normal wear and tear excepted. By failing to provide notice of its intention to vacate such premises prior to the expiration of the option period specified in Section 4.6(b), or by occupying such premises after the one hundred eighty (180)-day period specified above in this paragraph (ii), the Assuming Institution shall, at the Receiver's option, (x) be deemed to have assumed all leases, obligations and liabilities with respect to such premises (including any ground lease with respect to the land on which premises are located), and leased Furniture and Equipment and leased Fixtures located thereon in accordance with this Section 4.6 (unless the Receiver previously repudiated any such lease), and (y) be required to purchase all Furniture and Equipment and Fixtures owned by the Failed Bank at Fair Market Value and located on such premises as of Bank Closing.

(h) **Furniture and Equipment and Certain Other Equipment.** The Receiver hereby grants to the Assuming Institution an option to purchase all Furniture and Equipment or any telecommunications, data processing equipment (including hardware and software) and check processing and similar operating equipment owned by the Failed Bank at Fair Market Value and located at any leased Bank Premises that the Assuming Institution elects to vacate or which it could have, but did not occupy, pursuant to this Section 4.6; provided, that, the Assuming Institution shall give the Receiver notice of its election to purchase such property at the time it gives notice of its intention to vacate such Bank Premises or within ten (10) days after Bank Closing for Bank Premises it could have, but did not, occupy.

(i) **Option to Put Bank Premises and Related Fixtures, Furniture and Equipment.**

(i) For a period of ninety (90) days following Bank Closing, the Assuming Institution shall be entitled to require the Receiver to purchase any Bank Premises that is owned, directly or indirectly, by an Acquired Subsidiary and the purchase price paid by the Receiver shall be the Fair Market Value of the Bank Premises.

(ii) If the Assuming Institution elects to require the Receiver to purchase any Bank Premises that is owned, directly or indirectly, by an Acquired Subsidiary, the Assuming Institution shall also have the option, exercisable within the same ninety (90) day time period, to require the Receiver to purchase any Fixtures, Furniture and Equipment that is owned, directly or

indirectly, by an Acquired Subsidiary and which is located on such Bank Premises. The purchase price paid by the Receiver shall be the Fair Market Value of the Fixtures, Furniture and Equipment.

(iii) In the event the Assuming Institution elects to exercise its option under this subparagraph, the Assuming Institution shall pay to the Receiver occupancy costs in accordance with Section 4.6(e) and shall vacate the Bank Premises in accordance with Section 4.6(g)(i).

(iv) Regardless of whether the Assuming Institution exercises any of its option under this subparagraph, the purchase price for the Acquired Subsidiary shall be adjusted by the difference between the Fair Market Value of the Bank Premises and Fixtures, Furniture and Equipment and their respective Book Value as reflected of the books and records of the Acquired Subsidiary. Such adjustment shall be made in accordance with Article VIII of this Agreement.

4.7 Agreement with Respect to Leased Data Processing Equipment

(a) The Receiver hereby grants to the Assuming Institution an exclusive option for the period of one hundred and seventy (170) days commencing the day after Bank Closing to accept an assignment from the Receiver of any or all Data Processing Leases to the extent that such Data Processing Leases can be assigned.

(b) The Assuming Institution shall (i) give written notice to the Receiver within the option period specified in Section 4.7(a) of its intent to accept or decline an assignment or sublease of any or all Data Processing Leases and promptly accept an assignment or sublease of such Data Processing Leases, and (ii) give written notice to the appropriate lessor(s) that it has accepted an assignment or sublease of any such Data Processing Leases.

(c) The Receiver agrees to facilitate the assignment or sublease of Data Processing Leases or the negotiation of new leases or license agreements by the Assuming Institution; provided, that neither the Receiver nor the Corporation shall be obligated to engage in litigation or make payments to the Assuming Institution or to any third party in connection with facilitating any such assumption, assignment, sublease or negotiation.

(d) The Assuming Institution agrees, during its period of use of any property subject to a Data Processing Lease, to pay to the Receiver or to appropriate third parties at the direction of the Receiver all operating costs with respect thereto and to comply with all relevant terms of the applicable Data Processing Leases entered into by the Failed Bank, including without limitation the timely payment of all rent, taxes, fees, charges, utilities, insurance and assessments.

(e) The Assuming Institution shall, not later than fifty (50) days after giving the notice provided in Section 4.7(b), (i) relinquish and release to the Receiver all property subject to the relevant Data Processing Lease, in the same condition as at Bank Closing, normal wear and tear excepted, or (ii) accept an assignment or a sublease thereof or negotiate a new lease or license agreement under this Section 4.7.

4.8 Agreement with Respect to Certain Existing Agreements.

(a) Subject to the provisions of Section 4.8(b), with respect to agreements existing as of Bank Closing which provide for the rendering of services by or to the Failed Bank, within one hundred and seventy (170) days after Bank Closing, the Assuming Institution shall give the Receiver written notice specifying whether it elects to assume or not to assume each such agreement. Except as may be otherwise provided in this Article IV, the Assuming Institution agrees to comply with the terms of each such agreement for a period commencing on the day after Bank Closing and ending on: (i) in the case of an agreement that provides for the rendering of services by the Failed Bank, the date which is one hundred and seventy (170) days after Bank Closing, and (ii) in the case of an agreement that provides for the rendering of services to the Failed Bank, the date which is thirty (30) days after the Assuming Institution has given notice to the Receiver of its election not to assume such agreement; provided, that the Receiver can reasonably make such service agreements available to the Assuming Institution. The Assuming Institution shall be deemed by the Receiver to have assumed agreements for which no notification is timely given. The Receiver agrees to assign, transfer, convey, and deliver to the Assuming Institution all right, title and interest of the Receiver, if any, in and to agreements the Assuming Institution assumes hereunder. In the event the Assuming Institution elects not to accept an assignment of any lease (or sublease) or negotiate a new lease for leased Bank Premises under Section 4.6 and does not otherwise occupy such premises, the provisions of this Section 4.8(a) shall not apply to service agreements related to such premises. The Assuming Institution agrees, during the period it has the use or benefit of any such agreement, promptly to pay to the Receiver or to appropriate third parties at the direction of the Receiver all operating costs with respect thereto and to comply with all relevant terms of such agreement.

(b) The provisions of Section 4.8(a) regarding the Assuming Institution's election to assume or not assume certain agreements shall not apply to (i) agreements pursuant to which the Failed Bank provides mortgage servicing for others or mortgage servicing is provided to the Failed Bank by others, (ii) agreements that are subject to Sections 4.1 through 4.7 and any insurance policy or bond referred to in Section 3.5(a) or other agreement specified in Section 3.5, and (iii) consulting, management or employment agreements, if any, between the Failed Bank and its employees or other Persons. Except as otherwise expressly set forth elsewhere in this Agreement, the Assuming Institution does not assume any liabilities or acquire any rights under any of the agreements described in this Section 4.8(b).

4.9 Informational Tax Reporting. The Assuming Institution agrees to perform all obligations of the Failed Bank with respect to Federal and State income tax informational reporting related to (i) the Assets and the Liabilities Assumed, (ii) deposit accounts that were closed and loans that were paid off or collateral obtained with respect thereto prior to Bank Closing, (iii) miscellaneous payments made to vendors of the Failed Bank, and (iv) any other asset or liability of the Failed Bank, including, without limitation, loans not purchased and Deposits not assumed by the Assuming Institution, as may be required by the Receiver.

4.10 Insurance. The Assuming Institution agrees to obtain insurance coverage effective from and after Bank Closing, including public liability, fire and extended coverage

insurance acceptable to the Receiver with respect to owned or leased Bank Premises that it occupies, and all owned or leased Furniture and Equipment and Fixtures and leased data processing equipment (including hardware and software) located thereon, in the event such insurance coverage is not already in force and effect with respect to the Assuming Institution as the insured as of Bank Closing. All such insurance shall, where appropriate (as determined by the Receiver), name the Receiver as an additional insured.

4.11 Office Space for Receiver and Corporation. For the period commencing on the day following Bank Closing and ending on the three hundred sixty-fifth (365th) day thereafter, the Assuming Institution agrees to provide to the Receiver and the Corporation, without charge, adequate and suitable office space (including parking facilities and vault space), furniture, equipment (including photocopying and telecopying machines), email accounts, network access and technology resources (such as shared drive) and utilities (including local telephone service and fax machines) at the Bank Premises occupied by the Assuming Institution for their use in the discharge of their respective functions with respect to the Failed Bank. In the event the Receiver and the Corporation determine that the space provided is inadequate or unsuitable, the Receiver and the Corporation may relocate to other quarters having adequate and suitable space and the costs of relocation and any rental and utility costs for the balance of the period of occupancy by the Receiver and the Corporation shall be borne by the Assuming Institution. Additionally, the Assuming Institution agrees to pay such bills and invoices on behalf of the Receiver and Corporation as the Receiver or Corporation may direct for the period beginning on the date of Bank Closing and ending on Settlement Date. Assuming Institution shall submit it requests for reimbursement of such expenditures pursuant to Article VIII of this Agreement.

4.12 Agreement with Respect to Continuation of Group Health Plan Coverage for Former Employees of the Failed Bank.

(a) The Assuming Institution agrees to assist the Receiver, as provided in this Section 4.12, in offering individuals who were employees or former employees of the Failed Bank, or any of its Subsidiaries, and who, immediately prior to Bank Closing, were receiving, or were eligible to receive, health insurance coverage or health insurance continuation coverage from the Failed Bank ("Eligible Individuals"), the opportunity to obtain health insurance coverage in the Corporation's FIA Continuation Coverage Plan which provides for health insurance continuation coverage to such Eligible Individuals who are qualified beneficiaries of the Failed Bank as defined in Section 607 of the Employee Retirement Income Security Act of 1974, as amended (respectively, "qualified beneficiaries" and "ERISA"). The Assuming Institution shall consult with the Receiver and not later than five (5) Business Days after Bank Closing shall provide written notice to the Receiver of the number (if available), identity (if available) and addresses (if available) of the Eligible Individuals who are qualified beneficiaries of the Failed Bank and for whom a "qualifying event" (as defined in Section 603 of ERISA) has occurred and with respect to whom the Failed Bank's obligations under Part 6 of Subtitle B of Title I of ERISA have not been satisfied in full, and such other information as the Receiver may reasonably require. The Receiver shall cooperate with the Assuming Institution in order to permit it to prepare such notice and shall provide to the Assuming Institution such data in its possession as may be reasonably required for purposes of preparing such notice.

(b) The Assuming Institution shall take such further action to assist the Receiver in offering the Eligible Individuals who are qualified beneficiaries of the Failed Bank the opportunity to obtain health insurance coverage in the Corporation's FIA Continuation Coverage Plan as the Receiver may direct. All expenses incurred and paid by the Assuming Institution (i) in connection with the obligations of the Assuming Institution under this Section 4.12, and (ii) in providing health insurance continuation coverage to any Eligible Individuals who are hired by the Assuming Institution and such employees' qualified beneficiaries shall be borne by the Assuming Institution.

(c) No later than five (5) Business Days after Bank Closing, the Assuming Institution shall provide the Receiver with a list of all Failed Bank employees the Assuming Institution will not hire. Unless otherwise agreed, the Assuming Institution pays all salaries and payroll costs for all Failed Bank Employees until the list is provided to the Receiver. The Assuming Institution shall be responsible for all costs and expenses (i.e. salary, benefits, etc.) associated with all other employees not on that list from and after the date of delivery of the list to the Receiver. The Assuming Institution shall offer to the Failed Bank employees it retains employment benefits comparable to those the Assuming Institution offers its current employees.

(d) This Section 4.12 is for the sole and exclusive benefit of the parties to this Agreement, and for the benefit of no other Person (including any former employee of the Failed Bank or any Subsidiary thereof or qualified beneficiary of such former employee). Nothing in this Section 4.12 is intended by the parties, or shall be construed, to give any Person (including any former employee of the Failed Bank or any Subsidiary thereof or qualified beneficiary of such former employee) other than the Corporation, the Receiver and the Assuming Institution any legal or equitable right, remedy or claim under or with respect to the provisions of this Section.

4.13 Agreement with Respect to Interim Asset Servicing. At any time after Bank Closing, the Receiver may establish on its books an asset pool(s) and may transfer to such asset pool(s) (by means of accounting entries on the books of the Receiver) all or any assets and liabilities of the Failed Bank which are not acquired by the Assuming Institution, including, without limitation, wholly unfunded Commitments and assets and liabilities which may be acquired, funded or originated by the Receiver subsequent to Bank Closing. The Receiver may remove assets (and liabilities) from or add assets (and liabilities) to such pool(s) at any time in its discretion. At the option of the Receiver, the Assuming Institution agrees to service, administer, and collect such pool assets in accordance with and for the term set forth in Exhibit 4.13 "Interim Asset Servicing Arrangement".

4.14 Reserved.

4.15 Agreement with Respect to Loss Sharing. The Assuming Institution shall be entitled to require reimbursement from the Receiver for loss sharing on certain loans in accordance with the Single Family Shared-Loss Agreement attached hereto as Exhibit 4.15A and the Non-SF Shared-Loss Agreement attached hereto as Exhibit 4.15B, collectively, the "Shared-Loss Agreements." The Loans that

shall be subject to the Shared-Loss Agreements are identified on the Schedule of Loans 4.15A and 4.15B attached hereto.

ARTICLE V DUTIES WITH RESPECT TO DEPOSITORS OF THE FAILED BANK

5.1 Payment of Checks, Drafts and Orders. Subject to Section 9.5, the Assuming Institution agrees to pay all properly drawn checks, drafts and withdrawal orders of depositors of the Failed Bank presented for payment, whether drawn on the check or draft forms provided by the Failed Bank or by the Assuming Institution, to the extent that the Deposit balances to the credit of the respective makers or drawers assumed by the Assuming Institution under this Agreement are sufficient to permit the payment thereof, and in all other respects to discharge, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank with respect to the Deposit balances due and owing to the depositors of the Failed Bank assumed by the Assuming Institution under this Agreement.

5.2 Certain Agreements Related to Deposits. Subject to Section 2.2, the Assuming Institution agrees to honor the terms and conditions of any written escrow or mortgage servicing agreement or other similar agreement relating to a Deposit liability assumed by the Assuming Institution pursuant to this Agreement.

5.3 Notice to Depositors.

(a) Within seven (7) days after Bank Closing, the Assuming Institution shall give (i) notice to depositors of the Failed Bank of its assumption of the Deposit liabilities of the Failed Bank, and (ii) any notice required under Section 2.2, by mailing to each such depositor a notice with respect to such assumption and by advertising in a newspaper of general circulation in the county or counties in which the Failed Bank was located. The Assuming Institution agrees that it will obtain prior approval of all such notices and advertisements from counsel for the Receiver and that such notices and advertisements shall not be mailed or published until such approval is received.

(b) The Assuming Institution shall give notice by mail to depositors of the Failed Bank concerning the procedures to claim their deposits, which notice shall be provided to the Assuming Institution by the Receiver or the Corporation. Such notice shall be included with the notice to depositors to be mailed by the Assuming Institution pursuant to Section 5.3(a).

(c) If the Assuming Institution proposes to charge fees different from those charged by the Failed Bank before it establishes new deposit account relationships with the depositors of the Failed Bank, the Assuming Institution shall give notice by mail of such changed fees to such depositors.

ARTICLE VI RECORDS

6.1 Transfer of Records.

(a) In accordance with Sections 2.1 and 3.1, the Receiver assigns, transfers, conveys and delivers to the Assuming Institution the following:

(i) all Records pertaining to the Deposit liabilities of the Failed Bank assumed by the Assuming Institution under this Agreement, including, but not limited to, the following:

(A) signature cards, orders, contracts between the Failed Bank and its depositors and Records of similar character;

(B) passbooks of depositors held by the Failed Bank, deposit slips, cancelled checks and withdrawal orders representing charges to accounts of depositors; and

(ii) all Records pertaining to the Assets, including, but not limited to, the following:

(A) records of deposit balances carried with other banks, bankers or trust companies;

(B) Loan and collateral records and Credit Files and other documents;

(C) deeds, mortgages, abstracts, surveys, and other instruments or records of title pertaining to real estate or real estate mortgages;

(D) signature cards, agreements and records pertaining to Safe Deposit Boxes, if any; and

(E) records pertaining to the credit card business, trust business or safekeeping business of the Failed Bank, if any.

(b) The Receiver, at its option, may assign and transfer to the Assuming Institution by a single blanket assignment or otherwise, as soon as practicable after Bank Closing, any other Records not assigned and transferred to the Assuming Institution as provided in this Agreement, including but not limited to loan disbursement checks, general ledger tickets, official bank checks, proof transactions (including proof tapes) and paid out loan files.

6.2 Delivery of Assigned Records. The Receiver shall deliver to the Assuming Institution all Records described in (i) Section 6.1(a) as soon as practicable on or after the date of this Agreement, and (ii) Section 6.1(b) as soon as practicable after making any assignment described therein.

6.3 Preservation of Records. The Assuming Institution agrees that it will preserve and maintain for the joint benefit of the Receiver, the Corporation and the Assuming Institution, all Records of which it has custody for such period as either the Receiver or the Corporation in

its discretion may require, until directed otherwise, in writing, by the Receiver or Corporation. The Assuming Institution shall have the primary responsibility to respond to subpoenas, discovery requests, and other similar official inquiries and customer requests for lien releases with respect to the Records of which it has custody.

6.4 Access to Records; Copies. The Assuming Institution agrees to permit the Receiver and the Corporation access to all Records of which the Assuming Institution has custody, and to use, inspect, make extracts from or request copies of any such Records in the manner and to the extent requested, and to duplicate, in the discretion of the Receiver or the Corporation, any Record in the form of microfilm or microfiche pertaining to Deposit account relationships; provided, that in the event that the Failed Bank maintained one or more duplicate copies of such microfilm or microfiche Records, the Assuming Institution hereby assigns, transfers, and conveys to the Corporation one such duplicate copy of each such Record without cost to the Corporation, and agrees to deliver to the Corporation all Records assigned and transferred to the Corporation under this Article VI as soon as practicable on or after the date of this Agreement. The party requesting a copy of any Record shall bear the cost (based on standard accepted industry charges to the extent applicable, as determined by the Receiver) for providing such duplicate Records. A copy of each Record requested shall be provided as soon as practicable by the party having custody thereof.

ARTICLE VII FIRST LOSS TRANCHE

The Assuming Institution has submitted to the Receiver an asset discount bid of (\$497,000,000) and a Deposit premium bid of 0 %. The Deposit premium bid will be applied to the total of all Assumed Deposits except for brokered, CDARS, and any market place or similar subscription services Deposits. The First Loss Tranche shall be determined by adding (i) the asset premium (discount) bid, (ii) the Deposit premium bid, and (iii) the Equity Adjustment. If the First Loss Tranche is a positive number, then this is the Losses on Single Family Shared-Loss Loans and Net Charge-offs on Shared Loss Assets that the Assuming Institution will incur before loss-sharing commences under Exhibits 4.15A and 4.15B. If the First Loss Tranche is a negative number, the Corporation shall pay such amount by wire transfer to the Assuming Institution by the end of the first business day following Bank Closing, together with interest determined in accordance with Section 8.4, and loss sharing shall commence immediately.

ARTICLE VIII ADJUSTMENTS

8.1 Pro Forma Statement. The Receiver, as soon as practicable after Bank Closing, in accordance with the best information then available, shall provide to the Assuming Institution a pro forma statement reflecting any adjustments of such liabilities and assets as may be necessary. Such pro forma statement shall take into account, to the extent possible, (i) liabilities and assets of a nature similar to those contemplated by Section 2.1 or Section 3.1, respectively, which at Bank Closing were carried in the Failed Bank's suspense accounts, (ii) accruals as of Bank Closing for all income related to the assets and business of the Failed Bank acquired by the

Assuming Institution hereunder, whether or not such accruals were reflected on the Accounting Records of the Failed Bank in the normal course of its operations, and (iii) adjustments to determine the Book Value of any investment in an Acquired Subsidiary and related accounts on the "bank only" (unconsolidated) balance sheet of the Failed Bank based on the equity method of accounting, whether or not the Failed Bank used the equity method of accounting for investments in subsidiaries, except that the resulting amount cannot be less than the Acquired Subsidiary's recorded equity as of Bank Closing as reflected on the Accounting Records of the Acquired Subsidiary. Any Loan purchased by the Assuming Institution pursuant to Section 3.1 which the Failed Bank charged off during the period beginning the day after the Bid Valuation Date to the date of Bank Closing shall be deemed not to be charged off for the purposes of the pro forma statement, and the purchase price shall be determined pursuant to Section 3.2.

8.2 Correction of Errors and Omissions; Other Liabilities.

(a) In the event any bookkeeping omissions or errors are discovered in preparing any pro forma statement or in completing the transfers and assumptions contemplated hereby, the parties hereto agree to correct such errors and omissions, it being understood that, as far as practicable, all adjustments will be made consistent with the judgments, methods, policies or accounting principles utilized by the Failed Bank in preparing and maintaining Accounting Records, except that adjustments made pursuant to this Section 8.2(a) are not intended to bring the Accounting Records of the Failed Bank into accordance with generally accepted accounting principles.

(b) If the Receiver discovers at any time subsequent to the date of this Agreement that any claim exists against the Failed Bank which is of such a nature that it would have been included in the liabilities assumed under Article II had the existence of such claim or the facts giving rise thereto been known as of Bank Closing, the Receiver may, in its discretion, at any time, require that such claim be assumed by the Assuming Institution in a manner consistent with the intent of this Agreement. The Receiver will make appropriate adjustments to the pro forma statement provided by the Receiver to the Assuming Institution pursuant to Section 8.1 as may be necessary.

8.3 Payments. The Receiver agrees to cause to be paid to the Assuming Institution, or the Assuming Institution agrees to pay to the Receiver, as the case may be, on the Settlement Date, a payment in an amount which reflects net adjustments (including any costs, expenses and fees associated with determinations of value as provided in this Agreement) made pursuant to Section 8.1 or Section 8.2, plus interest as provided in Section 8.4. The Receiver and the Assuming Institution agree to effect on the Settlement Date any further transfer of assets to or assumption of liabilities or claims by the Assuming Institution as may be necessary in accordance with Section 8.1 or Section 8.2.

8.4 Interest. Any amounts paid under Section 8.3 or Section 8.5, shall bear interest for the period from and including the day following Bank Closing to and including the day preceding the payment at the Settlement Interest Rate.

8.5 Subsequent Adjustments. In the event that the Assuming Institution or the Receiver discovers any errors or omissions as contemplated by Section 8.2 or any error with respect to the payment made under Section 8.3 after the Settlement Date, the Assuming Institution and the Receiver agree to promptly correct any such errors or omissions, make any payments and effect any transfers or assumptions as may be necessary to reflect any such correction plus interest as provided in Section 8.4.

ARTICLE IX CONTINUING COOPERATION

9.1 General Matters. The parties hereto agree that they will, in good faith and with their best efforts, cooperate with each other to carry out the transactions contemplated by this Agreement and to effect the purposes hereof.

9.2 Additional Title Documents. The Receiver, the Corporation and the Assuming Institution each agree, at any time, and from time to time, upon the request of any party hereto, to execute and deliver such additional instruments and documents of conveyance as shall be reasonably necessary to vest in the appropriate party its full legal or equitable title in and to the property transferred pursuant to this Agreement or to be transferred in accordance herewith. The Assuming Institution shall prepare such instruments and documents of conveyance (in form and substance satisfactory to the Receiver) as shall be necessary to vest title to the Assets in the Assuming Institution. The Assuming Institution shall be responsible for recording such instruments and documents of conveyance at its own expense.

9.3 Claims and Suits.

(a) The Receiver shall have the right, in its discretion, to (i) defend or settle any claim or suit against the Assuming Institution with respect to which the Receiver has indemnified the Assuming Institution in the same manner and to the same extent as provided in Article XII, and (ii) defend or settle any claim or suit against the Assuming Institution with respect to any Liability Assumed, which claim or suit may result in a loss to the Receiver arising out of or related to this Agreement, or which existed against the Failed Bank on or before Bank Closing. The exercise by the Receiver of any rights under this Section 9.3(a) shall not release the Assuming Institution with respect to any of its obligations under this Agreement.

(b) In the event any action at law or in equity shall be instituted by any Person against the Receiver and the Corporation as codefendants with respect to any asset of the Failed Bank retained or acquired pursuant to this Agreement by the Receiver, the Receiver agrees, at the request of the Corporation, to join with the Corporation in a petition to remove the action to the United States District Court for the proper district. The Receiver agrees to institute, with or without joinder of the Corporation as coplaintiff, any action with respect to any such retained or acquired asset or any matter connected therewith whenever notice requiring such action shall be given by the Corporation to the Receiver.

9.4 Payment of Deposits. In the event any depositor does not accept the obligation of the Assuming Institution to pay any Deposit liability of the Failed Bank assumed by the Assuming Institution pursuant to this Agreement and asserts a claim against the Receiver for all or any portion of any such Deposit liability, the Assuming Institution agrees on demand to provide to the Receiver funds sufficient to pay such claim in an amount not in excess of the Deposit liability reflected on the books of the Assuming Institution at the time such claim is made. Upon payment by the Assuming Institution to the Receiver of such amount, the Assuming Institution shall be discharged from any further obligation under this Agreement to pay to any such depositor the amount of such Deposit liability paid to the Receiver.

9.5 Withheld Payments. At any time, the Receiver or the Corporation may, in its discretion, determine that all or any portion of any deposit balance assumed by the Assuming Institution pursuant to this Agreement does not constitute a "Deposit" (or otherwise, in its discretion, determine that it is the best interest of the Receiver or Corporation to withhold all or any portion of any deposit), and may direct the Assuming Institution to withhold payment of all or any portion of any such deposit balance. Upon such direction, the Assuming Institution agrees to hold such deposit and not to make any payment of such deposit balance to or on behalf of the depositor, or to itself, whether by way of transfer, set-off, or otherwise. The Assuming Institution agrees to maintain the "withheld payment" status of any such deposit balance until directed in writing by the Receiver or the Corporation as to its disposition. At the direction of the Receiver or the Corporation, the Assuming Institution shall return all or any portion of such deposit balance to the Receiver or the Corporation, as appropriate, and thereupon the Assuming Institution shall be discharged from any further liability to such depositor with respect to such returned deposit balance. If such deposit balance has been paid to the depositor prior to a demand for return by the Corporation or the Receiver, and payment of such deposit balance had not been previously withheld pursuant to this Section, the Assuming Institution shall not be obligated to return such deposit balance to the Receiver or the Corporation. The Assuming Institution shall be obligated to reimburse the Corporation or the Receiver, as the case may be, for the amount of any deposit balance or portion thereof paid by the Assuming Institution in contravention of any previous direction to withhold payment of such deposit balance or return such deposit balance the payment of which was withheld pursuant to this Section.

9.6 Proceedings with Respect to Certain Assets and Liabilities.

(a) In connection with any investigation, proceeding or other matter with respect to any asset or liability of the Failed Bank retained by the Receiver, or any asset of the Failed Bank acquired by the Receiver pursuant to this Agreement, the Assuming Institution shall cooperate to the extent reasonably required by the Receiver.

(b) In addition to its obligations under Section 6.4, the Assuming Institution shall provide representatives of the Receiver access at reasonable times and locations without other limitation or qualification to (i) its directors, officers, employees and agents and those of the Subsidiaries acquired by the Assuming Institution, and (ii) its books and records, the books and records of such Subsidiaries and all Credit Files, and copies thereof. Copies of books, records and Credit Files shall be provided by the Assuming Institution as requested by the Receiver and the costs of duplication thereof shall be borne by the Receiver.

(c) Not later than ten (10) days after the Put Notice pursuant to Section 3.4 or the date of the notice of transfer of any Loan by the Assuming Institution to the Receiver pursuant to Section 3.6, the Assuming Institution shall deliver to the Receiver such documents with respect to such Loan as the Receiver may request, including without limitation the following: (i) all related Credit Documents (other than certificates, notices and other ancillary documents), (ii) a certificate setting forth the principal amount on the date of the transfer and the amount of interest, fees and other charges then accrued and unpaid thereon, and any restrictions on transfer to which any such Loan is subject, and (iii) all Credit Files, and all documents, microfiche, microfilm and computer records (including but not limited to magnetic tape, disc storage, card forms and printed copy) maintained by, owned by, or in the possession of the Assuming Institution or any Affiliate of the Assuming Institution relating to the transferred Loan.

9.7 Information. The Assuming Institution promptly shall provide to the Corporation such other information, including financial statements and computations, relating to the performance of the provisions of this Agreement as the Corporation or the Receiver may request from time to time, and, at the request of the Receiver, make available employees of the Failed Bank employed or retained by the Assuming Institution to assist in preparation of the pro forma statement pursuant to Section 8.1.

ARTICLE X CONDITION PRECEDENT

The obligations of the parties to this Agreement are subject to the Receiver and the Corporation having received at or before Bank Closing evidence reasonably satisfactory to each of any necessary approval, waiver, or other action by any governmental authority, the board of directors of the Assuming Institution, or other third party, with respect to this Agreement and the transactions contemplated hereby, the closing of the Failed Bank and the appointment of the Receiver, the chartering of the Assuming Institution, and any agreements, documents, matters or proceedings contemplated hereby or thereby.

ARTICLE XI REPRESENTATIONS AND WARRANTIES OF THE ASSUMING INSTITUTION

The Assuming Institution represents and warrants to the Corporation and the Receiver as follows:

(a) **Corporate Existence and Authority.** The Assuming Institution (i) is duly organized, validly existing and in good standing under the laws of its Chartering Authority and has full power and authority to own and operate its properties and to conduct its business as now conducted by it, and (ii) has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The Assuming Institution has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the performance of the transactions contemplated hereby.

(b) **Third Party Consents.** No governmental authority or other third party consents (including but not limited to approvals, licenses, registrations or declarations) are required in connection with the execution, delivery or performance by the Assuming Institution of this Agreement, other than such consents as have been duly obtained and are in full force and effect.

(c) **Execution and Enforceability.** This Agreement has been duly executed and delivered by the Assuming Institution and when this Agreement has been duly authorized, executed and delivered by the Corporation and the Receiver, this Agreement will constitute the legal, valid and binding obligation of the Assuming Institution, enforceable in accordance with its terms.

(d) **Compliance with Law.**

(i) Neither the Assuming Institution nor any of its Subsidiaries is in violation of any statute, regulation, order, decision, judgment or decree of, or any restriction imposed by, the United States of America, any State, municipality or other political subdivision or any agency of any of the foregoing, or any court or other tribunal having jurisdiction over the Assuming Institution or any of its Subsidiaries or any assets of any such Person, or any foreign government or agency thereof having such jurisdiction, with respect to the conduct of the business of the Assuming Institution or of any of its Subsidiaries, or the ownership of the properties of the Assuming Institution or any of its Subsidiaries, which, either individually or in the aggregate with all other such violations, would materially and adversely affect the business, operations or condition (financial or otherwise) of the Assuming Institution or the ability of the Assuming Institution to perform, satisfy or observe any obligation or condition under this Agreement.

(ii) Neither the execution and delivery nor the performance by the Assuming Institution of this Agreement will result in any violation by the Assuming Institution of, or be in conflict with, any provision of any applicable law or regulation, or any order, writ or decree of any court or governmental authority.

e) **Representations Remain True.** The Assuming Institution represents and warrants that it has executed and delivered to the Corporation a Purchaser Eligibility Certification and Confidentiality Agreement and that all information provided and representations made by or on behalf of the Assuming Institution in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the Purchaser Eligibility Certification and Confidentiality Agreement (which are affirmed and ratified hereby) are and remain true and correct in all material respects and do not fail to state any fact required to make the information contained therein not misleading.

ARTICLE XII INDEMNIFICATION

12.1 Indemnification of Indemnitees. From and after Bank Closing and subject to the limitations set forth in this Section and Section 12.6 and compliance by the Indemnitees with Section 12.2, the Receiver agrees to indemnify and hold harmless the Indemnitees against any

and all costs, losses, liabilities, expenses (including attorneys' fees) incurred prior to the assumption of defense by the Receiver pursuant to paragraph (d) of Section 12.2, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with claims against any Indemnitee based on liabilities of the Failed Bank that are not assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution hereof by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution for which indemnification is provided hereunder in (a) of this Section 12.1, subject to certain exclusions as provided in (b) of this Section 12.1:

(a)

(1) claims based on the rights of any shareholder or former shareholder as such of (x) the Failed Bank, or (y) any Subsidiary or Affiliate of the Failed Bank;

(2) claims based on the rights of any creditor as such of the Failed Bank, or any creditor as such of any director, officer, employee or agent of the Failed Bank, with respect to any indebtedness or other obligation of the Failed Bank arising prior to Bank Closing;

(3) claims based on the rights of any present or former director, officer, employee or agent as such of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank;

(4) claims based on any action or inaction prior to Bank Closing of the Failed Bank, its directors, officers, employees or agents as such, or any Subsidiary or Affiliate of the Failed Bank, or the directors, officers, employees or agents as such of such Subsidiary or Affiliate;

(5) claims based on any malfeasance, misfeasance or nonfeasance of the Failed Bank, its directors, officers, employees or agents with respect to the trust business of the Failed Bank, if any;

(6) claims based on any failure or alleged failure (not in violation of law) by the Assuming Institution to continue to perform any service or activity previously performed by the Failed Bank which the Assuming Institution is not required to perform pursuant to this Agreement or which arise under any contract to which the Failed Bank was a party which the Assuming Institution elected not to assume in accordance with this Agreement and which neither the Assuming Institution nor any Subsidiary or Affiliate of the Assuming Institution has assumed subsequent to the execution hereof;

(7) claims arising from any action or inaction of any Indemnitee, including for purposes of this Section 12.1(a)(7) the former officers or employees of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank that is taken upon the specific written direction of the Corporation or the Receiver, other than any action or inaction taken in a manner constituting bad faith, gross negligence or willful misconduct; and

(8) claims based on the rights of any depositor of the Failed Bank whose deposit has been accorded "withheld payment" status and/or returned to the Receiver or Corporation in

accordance with Section 9.5 and/or has become an "unclaimed deposit" or has been returned to the Corporation or the Receiver in accordance with Section 2.3;

(b) provided, that, with respect to this Agreement, except for paragraphs (7) and (8) of Section 12.1(a), no indemnification will be provided under this Agreement for any:

(1) judgment or fine against, or any amount paid in settlement (without the written approval of the Receiver) by, any Indemnatee in connection with any action that seeks damages against any Indemnatee (a "counterclaim") arising with respect to any Asset and based on any action or inaction of either the Failed Bank, its directors, officers, employees or agents as such prior to Bank Closing, unless any such judgment, fine or amount paid in settlement exceeds the greater of (i) the Repurchase Price of such Asset, or (ii) the monetary recovery sought on such Asset by the Assuming Institution in the cause of action from which the counterclaim arises; and in such event the Receiver will provide indemnification only in the amount of such excess; and no indemnification will be provided for any costs or expenses other than any costs or expenses (including attorneys' fees) which, in the determination of the Receiver, have been actually and reasonably incurred by such Indemnatee in connection with the defense of any such counterclaim; and it is expressly agreed that the Receiver reserves the right to intervene, in its discretion, on its behalf and/or on behalf of the Receiver, in the defense of any such counterclaim;

(2) claims with respect to any liability or obligation of the Failed Bank that is expressly assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution hereof by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution;

(3) claims with respect to any liability of the Failed Bank to any present or former employee as such of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank, which liability is expressly assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution hereof by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution;

(4) claims based on the failure of any Indemnatee to seek recovery of damages from the Receiver for any claims based upon any action or inaction of the Failed Bank, its directors, officers, employees or agents as fiduciary, agent or custodian prior to Bank Closing;

(5) claims based on any violation or alleged violation by any Indemnatee of the antitrust, branching, banking or bank holding company or securities laws of the United States of America or any State thereof;

(6) claims based on the rights of any present or former creditor, customer, or supplier as such of the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution;

(7) claims based on the rights of any present or former shareholder as such of the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution regardless of

whether any such present or former shareholder is also a present or former shareholder of the Failed Bank;

(8) claims, if the Receiver determines that the effect of providing such indemnification would be to (i) expand or alter the provisions of any warranty or disclaimer thereof provided in Section 3.3 or any other provision of this Agreement, or (ii) create any warranty not expressly provided under this Agreement;

(9) claims which could have been enforced against any Indemnitee had the Assuming Institution not entered into this Agreement;

(10) claims based on any liability for taxes or fees assessed with respect to the consummation of the transactions contemplated by this Agreement, including without limitation any subsequent transfer of any Assets or Liabilities Assumed to any Subsidiary or Affiliate of the Assuming Institution;

(11) except as expressly provided in this Article XII, claims based on any action or inaction of any Indemnitee, and nothing in this Agreement shall be construed to provide indemnification for (i) the Failed Bank, (ii) any Subsidiary or Affiliate of the Failed Bank, or (iii) any present or former director, officer, employee or agent of the Failed Bank or its Subsidiaries or Affiliates; provided, that the Receiver, in its discretion, may provide indemnification hereunder for any present or former director, officer, employee or agent of the Failed Bank or its Subsidiaries or Affiliates who is also or becomes a director, officer, employee or agent of the Assuming Institution or its Subsidiaries or Affiliates;

(12) claims or actions which constitute a breach by the Assuming Institution of the representations and warranties contained in Article XI;

(13) claims arising out of or relating to the condition of or generated by an Asset arising from or relating to the presence, storage or release of any hazardous or toxic substance, or any pollutant or contaminant, or condition of such Asset which violate any applicable Federal, State or local law or regulation concerning environmental protection; and

(14) claims based on, related to or arising from any asset, including a loan, acquired or liability assumed by the Assuming Institution, other than pursuant to this Agreement.

12.2 Conditions Precedent to Indemnification. It shall be a condition precedent to the obligation of the Receiver to indemnify any Person pursuant to this Article XII that such Person shall, with respect to any claim made or threatened against such Person for which such Person is or may be entitled to indemnification hereunder:

(a) give written notice to the Regional Counsel (Litigation Branch) of the Corporation in the manner and at the address provided in Section 13.7 of such claim as soon as practicable after such claim is made or threatened; provided, that notice must be given on or before the date which is six (6) years from the date of this Agreement;

(b) provide to the Receiver such information and cooperation with respect to such claim as the Receiver may reasonably require;

(c) cooperate and take all steps, as the Receiver may reasonably require, to preserve and protect any defense to such claim;

(d) in the event suit is brought with respect to such claim, upon reasonable prior notice, afford to the Receiver the right, which the Receiver may exercise in its sole discretion, to conduct the investigation, control the defense and effect settlement of such claim, including without limitation the right to designate counsel and to control all negotiations, litigation, arbitration, settlements, compromises and appeals of any such claim, all of which shall be at the expense of the Receiver; provided, that the Receiver shall have notified the Person claiming indemnification in writing that such claim is a claim with respect to which the Person claiming indemnification is entitled to indemnification under this Article XII;

(e) not incur any costs or expenses in connection with any response or suit with respect to such claim, unless such costs or expenses were incurred upon the written direction of the Receiver; provided, that the Receiver shall not be obligated to reimburse the amount of any such costs or expenses unless such costs or expenses were incurred upon the written direction of the Receiver;

(f) not release or settle such claim or make any payment or admission with respect thereto, unless the Receiver consents in writing thereto, which consent shall not be unreasonably withheld; provided, that the Receiver shall not be obligated to reimburse the amount of any such settlement or payment unless such settlement or payment was effected upon the written direction of the Receiver; and

(g) take reasonable action as the Receiver may request in writing as necessary to preserve, protect or enforce the rights of the indemnified Person against any Primary Indemnitor.

12.3 No Additional Warranty. Nothing in this Article XII shall be construed or deemed to (i) expand or otherwise alter any warranty or disclaimer thereof provided under Section 3.3 or any other provision of this Agreement with respect to, among other matters, the title, value, collectibility, genuineness, enforceability or condition of any (x) Asset, or (y) asset of the Failed Bank purchased by the Assuming Institution subsequent to the execution of this Agreement by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution, or (ii) create any warranty not expressly provided under this Agreement with respect thereto.

12.4 Indemnification of Receiver and Corporation. From and after Bank Closing, the Assuming Institution agrees to indemnify and hold harmless the Corporation and the Receiver and their respective directors, officers, employees and agents from and against any and all costs, losses, liabilities, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any of the following:

(a) claims based on any and all liabilities or obligations of the Failed Bank assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution hereof by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution, whether or not any such liabilities subsequently are sold and/or transferred, other than any claim based upon any action or inaction of any Indemnatee as provided in paragraph (7) or (8) of Section 12.1(a); and

(b) claims based on any act or omission of any Indemnatee (including but not limited to claims of any Person claiming any right or title by or through the Assuming Institution with respect to Assets transferred to the Receiver pursuant to Section 3.4 or 3.6), other than any action or inaction of any Indemnatee as provided in paragraph (7) or (8) of Section 12.1(a).

12.5 Obligations Supplemental. The obligations of the Receiver, and the Corporation as guarantor in accordance with Section 12.7, to provide indemnification under this Article XII are to supplement any amount payable by any Primary Indemnitor to the Person indemnified under this Article XII. Consistent with that intent, the Receiver agrees only to make payments pursuant to such indemnification to the extent not payable by a Primary Indemnitor. If the aggregate amount of payments by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, and all Primary Indemnitors with respect to any item of indemnification under this Article XII exceeds the amount payable with respect to such item, such Person being indemnified shall notify the Receiver thereof and, upon the request of the Receiver, shall promptly pay to the Receiver, or the Corporation as appropriate, the amount of the Receiver's (or Corporation's) payments to the extent of such excess.

12.6 Criminal Claims. Notwithstanding any provision of this Article XII to the contrary, in the event that any Person being indemnified under this Article XII shall become involved in any criminal action, suit or proceeding, whether judicial, administrative or investigative, the Receiver shall have no obligation hereunder to indemnify such Person for liability with respect to any criminal act or to the extent any costs or expenses are attributable to the defense against the allegation of any criminal act, unless (i) the Person is successful on the merits or otherwise in the defense against any such action, suit or proceeding, or (ii) such action, suit or proceeding is terminated without the imposition of liability on such Person.

12.7 Limited Guaranty of the Corporation. The Corporation hereby guarantees performance of the Receiver's obligation to indemnify the Assuming Institution as set forth in this Article XII. It is a condition to the Corporation's obligation hereunder that the Assuming Institution shall comply in all respects with the applicable provisions of this Article XII. The Corporation shall be liable hereunder only for such amounts, if any, as the Receiver is obligated to pay under the terms of this Article XII but shall fail to pay. Except as otherwise provided above in this Section 12.7, nothing in this Article XII is intended or shall be construed to create any liability or obligation on the part of the Corporation, the United States of America or any department or agency thereof under or with respect to this Article XII, or any provision hereof, it being the intention of the parties hereto that the obligations undertaken by the Receiver under this Article XII are the sole and exclusive responsibility of the Receiver and no other Person or entity.

12.8 Subrogation. Upon payment by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, to any Indemnitee for any claims indemnified by the Receiver under this Article XII, the Receiver, or the Corporation as appropriate, shall become subrogated to all rights of the Indemnitee against any other Person to the extent of such payment.

ARTICLE XIII MISCELLANEOUS

13.1 Entire Agreement. This Agreement embodies the entire agreement of the parties hereto in relation to the subject matter herein and supersedes all prior understandings or agreements, oral or written, between the parties.

13.2 Headings. The headings and subheadings of the Table of Contents, Articles and Sections contained in this Agreement, except the terms identified for definition in Article I and elsewhere in this Agreement, are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

13.3 Counterparts. This Agreement may be executed in any number of counterparts and by the duly authorized representative of a different party hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

13.4 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE FEDERAL LAW OF THE UNITED STATES OF AMERICA, AND IN THE ABSENCE OF CONTROLLING FEDERAL LAW, IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE MAIN OFFICE OF THE FAILED BANK IS LOCATED.

13.5 Successors. All terms and conditions of this Agreement shall be binding on the successors and assigns of the Receiver, the Corporation and the Assuming Institution. Except as otherwise specifically provided in this Agreement, nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the Receiver, the Corporation and the Assuming Institution any legal or equitable right, remedy or claim under or with respect to this Agreement or any provisions contained herein, it being the intention of the parties hereto that this Agreement, the obligations and statements of responsibilities hereunder, and all other conditions and provisions hereof are for the sole and exclusive benefit of the Receiver, the Corporation and the Assuming Institution and for the benefit of no other Person.

13.6 Modification; Assignment. No amendment or other modification, rescission, release, or assignment of any part of this Agreement shall be effective except pursuant to a written agreement subscribed by the duly authorized representatives of the parties hereto.

13.7 Notice. Any notice, request, demand, consent, approval or other communication to any party hereto shall be effective when received and shall be given in writing, and delivered in person against receipt therefore, or sent by certified mail, postage prepaid, courier service, telex, facsimile transmission or email to such party (with copies as indicated below) at its address set forth below or at such other address as it shall hereafter furnish in writing to the other parties. All such notices and other communications shall be deemed given on the date received by the addressee.

Assuming Institution

OneWest Bank
888 East Walnut Street
Pasadena, CA 91101
Attention: Terrence P. Laughlin
Chief Executive Officer & President

with a copy to: Steven T. Mnuchin

Receiver and Corporation

Federal Deposit Insurance Corporation,
Receiver of La Jolla Bank, FSB
1601 Bryan Street, Suite 1700
Dallas, Texas 75201
Attention: Settlement Manager

and with respect to notice under Article XII:

Federal Deposit Insurance Corporation
Receiver of La Jolla Bank, FSB
40 Pacifica
Irvine, CA 92618
Attention: Managing Counsel

13.8 Manner of Payment. All payments due under this Agreement shall be in lawful money of the United States of America in immediately available funds as each party hereto may specify to the other parties; provided, that in the event the Receiver or the Corporation is obligated to make any payment hereunder in the amount of \$25,000.00 or less, such payment may be made by check.

13.9 Costs, Fees and Expenses. Except as otherwise specifically provided herein, each party hereto agrees to pay all costs, fees and expenses which it has incurred in connection with or incidental to the matters contained in this Agreement, including without limitation any fees and disbursements to its accountants and counsel; provided, that the Assuming Institution

shall pay all fees, costs and expenses (other than attorneys' fees incurred by the Receiver) incurred in connection with the transfer to it of any Assets or Liabilities Assumed hereunder or in accordance herewith.

13.10 Waiver. Each of the Receiver, the Corporation and the Assuming Institution may waive its respective rights, powers or privileges under this Agreement; provided, that such waiver shall be in writing; and further provided, that no failure or delay on the part of the Receiver, the Corporation or the Assuming Institution to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege by the Receiver, the Corporation, or the Assuming Institution under this Agreement, nor will any such waiver operate or be construed as a future waiver of such right, power or privilege under this Agreement.

13.11 Severability. If any provision of this Agreement is declared invalid or unenforceable, then, to the extent possible, all of the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.


13.12 Term of Agreement. This Agreement shall continue in full force and effect until the tenth (10th) anniversary of Bank Closing; provided, that the provisions of Section 6.3 and 6.4 shall survive the expiration of the term of this Agreement. Provided, however, the receivership of the Failed Bank may be terminated prior to the expiration of the term of this Agreement; in such event, the guaranty of the Corporation, as provided in and in accordance with the provisions of Section 12.7 shall be in effect for the remainder of the term. Expiration of the term of this Agreement shall not affect any claim or liability of any party with respect to any (i) amount which is owing at the time of such expiration, regardless of when such amount becomes payable, and (ii) breach of this Agreement occurring prior to such expiration, regardless of when such breach is discovered.

13.13 Survival of Covenants, Etc. The covenants, representations, and warranties in this Agreement shall survive the execution of this Agreement and the consummation of the transactions contemplated hereunder.

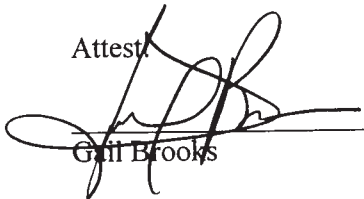
[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

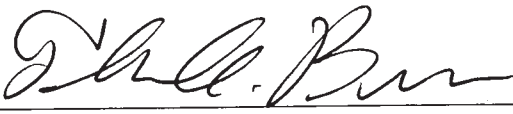
**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF LA JOLLA BANK, FSB
LA JOLLA, CALIFORNIA**

BY: 
NAME: Thornton A. Brown
TITLE: Receiver-in-Charge

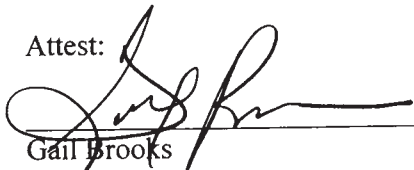
Attest:


Gail Brooks

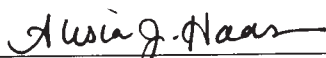
FEDERAL DEPOSIT INSURANCE CORPORATION

BY: 
NAME: Thornton A. Brown
TITLE: Attorney in Fact

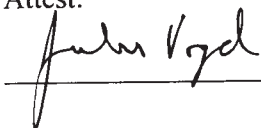
Attest:


Gail Brooks

ONEWEST BANK, FSB

BY: 
NAME: Alesia J. Haas
TITLE: Senior Vice President

Attest:



SCHEDULE 1 – Repurchase % and Stated Threshold Adjustment %

Attached below as Page 43A

Omitted from this disclosure

SCHEDULE 2.1 - Certain Liabilities Assumed by the Assuming Institution
TO BE PROVIDED POST BANK CLOSING

SCHEDULE 2.1(a) – Excluded Deposit Liability Accounts

La Jolla Bank, FSB La Jolla, California

La Jolla Bank, FSB has no deposits associated with the Depository Organization (DO) Cede & Co as Nominee for DTC. The DO accounts do not pass to the Assuming Bank and are excluded from the transaction as described in section 2.1 of the P&A Agreement.

SCHEDULE 3.1 - Certain Assets Purchased

SEE ATTACHED LIST

THE LIST(S) ATTACHED TO THIS SCHEDULE (OR SUBSCHEDULE(S)) AND THE INFORMATION THEREIN, IS AS OF THE DATE OF THE MOST RECENT PERTINENT DATA MADE AVAILABLE TO THE ASSUMING INSTITUTION AS PART OF THE INFORMATION PACKAGE. IT WILL BE ADJUSTED TO REFLECT THE COMPOSITION AND BOOK VALUE OF THE LOANS AND ASSETS AS OF THE DATE OF BANK CLOSING. THE LIST(S) MAY NOT INCLUDE ALL LOANS AND ASSETS (E.G., CHARGED OFF LOANS). THE LIST(S) MAY BE REPLACED WITH A MORE ACCURATE LIST POST CLOSING.

TO BE PROVIDED POST BANK CLOSING

SCHEDULE 3.2 - Purchase Price of Assets or assets

(a)	cash and receivables from depository institutions, including cash items in the process of collection, plus interest thereon:	Book Value
(b)	securities (exclusive of the capital stock of Acquired Subsidiaries and FRB and FHLB stock), plus interest thereon:	As provided in Section 3.2(b)
(c)	federal funds sold and repurchase agreements, if any, including interest thereon:	Book Value
(d)	Loans:	Book Value
(e)	credit card business, if any, including all outstanding extensions of credit and offensive litigation, but excluding any class action lawsuits related to the credit card business:	Book Value
(f)	Safe Deposit Boxes and related business, safekeeping business and trust business, if any:	Book Value
(g)	Records and other documents:	Book Value
(h)	Other Real Estate	Book Value
(i)	boats, motor vehicles, aircraft, trailers, fire arms, repossessed collateral	Book Value
(j)	capital stock of any Acquired Subsidiaries and FRB and FHLB stock:	Book Value
(k)	amounts owed to the Failed Bank by any Acquired Subsidiary:	Book Value
(l)	assets securing Deposits of public money, to the extent not otherwise purchased hereunder:	Book Value
(m)	Overdrafts of customers:	Book Value

- | | | |
|-----|--|-------------------------------|
| (n) | rights, if any, with respect to Qualified Financial Contracts. | As provided in Section 3.2(c) |
| | | |
| (o) | rights of the Failed Bank to provide mortgage servicing for others and to have mortgage servicing provided to the Failed Bank by others and related contracts. | Book Value |

assets subject to an option to purchase:

- | | | |
|-----|--------------------------|-------------------|
| (a) | Bank Premises: | Fair Market Value |
| (b) | Furniture and Equipment: | Fair Market Value |
| (c) | Fixtures: | Fair Market Value |
| (d) | Other Equipment: | Fair Market Value |

SCHEDULE 3.5 (j) – Excluded Loans

Attached below as Page 49A & 49B

La Jolla Bank, FSB
Total Excluded Loan Portfolio
Presented by Performance & Loan Type

Omitted from this disclosure

Omitted from this disclosure

Schedule 3.5 (I) - Excluded Securities

NONE

SCHEDULE 4.15A

**LOANS SUBJECT TO LOSS SHARING UNDER THE
SINGLE FAMILY SHARED-LOSS AGREEMENT**

TO BE PROVIDED POST BANK CLOSING

SCHEDULE 4.15B

**LOANS SUBJECT TO LOSS SHARING UNDER THE
NON-SINGLE FAMILY SHARED-LOSS AGREEMENT**

TO BE PROVIDED POST BANK CLOSING

SCHEDULE 7 -Accounts Excluded from Calculation of Deposit Franchise Bid Premium

La Jolla Bank, FSB
La Jolla, California

The accounts identified below will pass to the Assuming Bank (unless otherwise noted). When calculating the premium to be paid on Assumed Deposits in a P&A transaction, the FDIC will exclude the following categories of deposit accounts:

Category	Description	Amount
I	Non- DO Brokered Deposits	\$1,184,890
II	CDARS	\$0
III	Market Place Deposits	\$0
	<i>Total deposits excluded from Calculation of premium</i>	<u>\$1,184,890</u>

Category Description

I Brokered Deposits

Brokered deposit accounts are accounts for which the “depositor of record” is an agent, nominee, or custodian who deposits funds for a principal or principals to whom “pass-through” deposit insurance coverage may be extended. The FDIC separates brokered deposit accounts into 2 categories: 1) Depository Organization (DO) Brokered Deposits and 2) Non-Depository Organization (Non-DO) Brokered Deposits. This distinction is made by the FDIC to facilitate our role as Receiver and Insurer. These terms will not appear on other “brokered deposit” reports generated by the institution.

Non-DO Brokered Deposits pass to the Assuming Bank, but are excluded from Assumed Deposits when the deposit premium is calculated. Please see the attached “Schedule 7 Non-DO Broker Deposit Detail Report” for a listing of these accounts. This list will be updated post closing with balances as of Bank Closing date.

DO Brokered Deposits (Cede & Co as Nominee for DTC), are typically excluded from Assumed Deposits in the P&A transaction. A list of these accounts is provided on “Schedule 2.1 DO Brokered Deposit Detail Report”. If, however, the terms of a particular transaction are altered and the DO Brokered Deposits pass to the Assuming Bank, they will not be included in Assumed Deposits for purposes of calculating the deposit premium.

II CDARS

CDARS deposits pass to the Assuming Bank, but are excluded from Assumed Deposits when the deposit premium is calculated.

La Jolla Bank did not participate in the CDARS program as of the date of the deposit download. If CDARS deposits are taken between the date of the deposit download and the Bank Closing Date, they will be identified post closing and made part of Schedule 7 to the P&A Agreement.

III Market Place Deposits

“Market Place Deposits” is a description given to deposits that may have been solicited via a money desk, internet subscription service (for example, Qwickrate), or similar programs.

La Jolla Bank does have Qwickrate deposits as identified above. The Qwickrate deposits are reported as time deposits in the Call Report. La Jolla Bank uses “Branch 4” on their system to identify both brokered and Qwickrate deposits. Please see the attached Schedule 7 – Qwickrate Deposit Detail Report for a listing of these accounts as of January 7, 2010. This list will be updated post closing with balances as of Bank Closing date.

This schedule provides a snapshot of account categories and balances as of January 7, 2010, which is the date of the

deposit download. The deposit franchise bid premium will be calculated using account categories and balances as of Bank Closing Date that are reflected in the general ledger or subsystem as described above. The final numbers for Schedule 7 will be provided post closing.

**EXHIBIT 2.3A
FINAL NOTICE LETTER**

FINAL LEGAL NOTICE
Claiming Requirements for Deposits
Under 12 U.S.C. 1822(e)

[Date]

**[Name of Unclaimed Depositor]
[Address of Unclaimed Depositor]
[Anytown, USA]**

Subject: **[XXXXXX – Name of Bank
City, State] – In Receivership**

Dear **[Sir/Madam]:**

As you may know, on **[Date: Closing Date]**, the **[Name of Bank (“The Bank”)]** was closed and the Federal Deposit Insurance Corporation (“FDIC”) transferred **[The Bank’s]** accounts to **[Name of Acquiring Institution]**.

According to federal law under 12 U.S.C., 1822(e), on **[Date: eighteen months from the Closing Date]**, **[Name of Acquiring Institution]** must transfer the funds in your account(s) back to the FDIC if you have not claimed your account(s) with **[Name of Acquiring Institution]**. Based on the records recently supplied to us by **[Name of Acquiring Institution]**, your account(s) currently fall into this category.

This letter is your formal Legal Notice that you have until **[Date: eighteen months from the Closing Date]**, to claim or arrange to continue your account(s) with **[Name of Acquiring Institution]**. There are several ways that you can claim your account(s) at **[Name of Acquiring Institution]**. It is only necessary for you to take any one of the following actions in order for your account(s) at **[Name of Acquiring Institution]** to be deemed claimed. In addition, if you have more than one account, your claim to one account will automatically claim all accounts:

1. Write to **[Name of Acquiring Institution]** and notify them that you wish to keep your account(s) active with them. Please be sure to include the name of the account(s), the account number(s), the signature of an authorized signer on the account(s), name, and address. **[Name of Acquiring Institution]** address is:

[123 Main Street

Anytown, USA]

2. Execute a new signature card on your account(s), enter into a new deposit agreement with **[Name of Acquiring Institution]**, change the ownership on your account(s), or renegotiate the terms of your certificate of deposit account(s) (if any).

3. Provide **[Name of Acquiring Institution]** with a change of address form.

4. Make a deposit to or withdrawal from your account(s). This includes writing a check on any account or having an automatic direct deposit credited to or an automatic withdrawal debited from an account.

If you do not want to continue your account(s) with **[Name of Acquiring Institution]** for any reason, you can withdraw your funds and close your account(s). Withdrawing funds from one or more of your account(s) satisfies the federal law claiming requirement. If you have time deposits, such as certificates of deposit, **[Name of Acquiring Institution]** can advise you how to withdraw them without being charged an interest penalty for early withdrawal.

If you do not claim ownership of your account(s) at **[Name of Acquiring Institution by Date: eighteen months from the Closing Date]** federal law requires **[Name of Acquiring Institution]** to return your deposits to the FDIC, which will deliver them as unclaimed property to the State indicated in your address in the Failed Institution's records. If your address is outside of the United States, the FDIC will deliver the deposits to the State in which the Failed Institution had its main office. 12 U.S.C. § 1822(e). If the State accepts custody of your deposits, you will have 10 years from the date of delivery to claim your deposits from the State. After 10 years you will be permanently barred from claiming your deposits. However, if the State refuses to take custody of your deposits, you will be able to claim them from the FDIC until the receivership is terminated. If you have not claimed your insured deposits before the receivership is terminated, and a receivership may be terminated at any time, all of your rights in those deposits will be barred.

If you have any questions or concerns about these items, please contact **[Bank Employee]** at **[Name of Acquiring Institution]** by phone at **[(XXX) XXX-XXXX]**.

Sincerely,

[Name of Claims Specialist]
[Title]

**EXHIBIT 2.3B
AFFIDAVIT OF MAILING**

AFFIDAVIT OF MAILING

State of

COUNTY OF

I am employed as a **[Title of Office]** by the **[Name of Acquiring Institution]**.

This will attest that on **[Date of mailing]**, I caused a true and correct copy of the Final Legal Notice, attached hereto, to owners of unclaimed deposits of **[Name of Failed Bank]**, City, State, to be prepared for deposit in the mail of the United States of America on behalf of the Federal Deposit Insurance Corporation. A list of depositors to whom the notice was mailed is attached. This notice was mailed to the depositor's last address as reflected on the books and records of the **[Name of Failed Bank]** as of the date of failure.

[Name]
[Title of Office]
[Name of Acquiring Institution]

Subscribed and sworn to before me this _____ day of **[Month, Year]**.

My commission expires:

[Name], Notary Public

EXHIBIT 3.2(c) -- VALUATION OF CERTAIN QUALIFIED FINANCIAL CONTRACTS

A. Scope

Interest Rate Contracts - All interest rate swaps, forward rate agreements, interest rate futures, caps, collars and floors, whether purchased or written.

Option Contracts - All put and call option contracts, whether purchased or written, on marketable securities, financial futures, foreign currencies, foreign exchange or foreign exchange futures contracts.

Foreign Exchange Contracts - All contracts for future purchase or sale of foreign currencies, foreign currency or cross currency swap contracts, or foreign exchange futures contracts.

B. Exclusions

All financial contracts used to hedge assets and liabilities that are acquired by the Assuming Institution but are not subject to adjustment from Book Value.

C. Adjustment

The difference between the Book Value and market value as of Bank Closing.

D. Methodology

1. The price at which the Assuming Institution sells or disposes of Qualified Financial Contracts will be deemed to be the fair market value of such contracts, if such sale or disposition occurs at prevailing market rates within a predefined timetable as agreed upon by the Assuming Institution and the Receiver.
2. In valuing all other Qualified Financial Contracts, the following principles will apply:
 - (i) All known cash flows under swaps or forward exchange contracts shall be present valued to the swap zero coupon interest rate curve.
 - (ii) All valuations shall employ prices and interest rates based on the actual frequency of rate reset or payment.
 - (iii) Each tranche of amortizing contracts shall be separately valued. The total value of such amortizing contract shall be the sum of the values of its component tranches.

- (iv) For regularly traded contracts, valuations shall be at the midpoint of the bid and ask prices quoted by customary sources (e.g., The Wall Street Journal, Telerate, Reuters or other similar source) or regularly traded exchanges.
- (v) For all other Qualified Financial Contracts where published market quotes are unavailable, the adjusted price shall be the average of the bid and ask price quotes from three (3) securities dealers acceptable to the Receiver and Assuming Institution as of Bank Closing. If quotes from securities dealers cannot be obtained, an appraiser acceptable to the Receiver and the Assuming Institution will perform a valuation based on modeling, correlation analysis, interpolation or other techniques, as appropriate.

EXHIBIT 4.13
INTERIM ASSET SERVICING ARRANGEMENT

(a) With respect to each asset (or liability) designated from time to time by the Receiver to be serviced by the Assuming Institution pursuant to this Arrangement, including any Assets sold by the Receiver but with respect to which the Receiver has an obligation to service or provide servicing support (such being designated as "Pool Assets"), during the term of this Arrangement, the Assuming Institution shall:

(i) Promptly apply payments received with respect to any Pool Assets;

(ii) Reverse and return insufficient funds checks;

(iii) Pay (A) participation payments to participants in Loans, as and when received; and (B) tax and insurance bills on Pool Assets as they come due, out of escrow funds maintained for purposes;

(iv) Maintain accurate records reflecting (A) the payment history of Pool Assets, with updated information received concerning changes in the address or identity of the obligors and (B) usage of data processing equipment and employee services with respect to servicing duties;

(v) Send billing statements to obligors on Pool Assets to the extent that such statements were sent by the Failed Bank;

(vi) Send notices to obligors who are in default on Loans (in the same manner as the Failed Bank);

(vii) Send to the Receiver, Attn: Managing Liquidator, at the address provided in Section 13.7 of the Agreement, via overnight delivery: (A) on a weekly basis, weekly reports for the Pool Assets, including, without limitation, reports reflecting collections and the trial balances, transaction journals and loan histories for Pool Assets having activity, together with copies of (1) checks received, (2) insufficient funds checks returned, (3) checks for payment to participants or for taxes and insurance, (4) pay-off requests, (5) notices to defaulted obligors, and (6) data processing and employee logs and (B) any other reports, copies or information as may be periodically or from time to time requested;

(viii) Remit on a weekly basis to the Receiver, Attn: Division of Finance, Cashier Unit, Operations, at the address in (vii), via wire transfer to the account designated by the Receiver, all payments received on Pool Assets managed by the Assuming Institution or at such time and place and in such manner as may be directed by the Receiver;

(ix) prepare and timely file all information reports with appropriate tax authorities, and, if required by the Receiver, prepare and file tax returns and pay taxes due on or before the due date, relating to the Pool Assets; and

(x) provide and furnish such other services, operations or functions as may be required with regard to Pool Assets, including, without limitation, as may be required with regard to any business, enterprise or agreement which is a Pool Asset, all as may be required by the Receiver.

Notwithstanding anything to the contrary in this Section, the Assuming Institution shall not be required to initiate litigation or other collection proceedings against any obligor or any collateral with respect to any defaulted Loan. The Assuming Institution shall promptly notify the Receiver, at the address provided above in subparagraph (a)(vii), of any claims or legal actions regarding any Pool Asset.

(b) The Receiver agrees to reimburse the Assuming Institution for actual, reasonable and necessary expenses incurred in connection with the performance of duties pursuant to this Arrangement, including expenses of photocopying, postage and express mail, and data processing and employee services (based upon the number of hours spent performing servicing duties).

(c) The Assuming Bank shall provide the services described herein for a period of up to three hundred sixty-five (365) days after Bank Closing.

(d) At any time during the term of this Arrangement, the Receiver may, upon written notice to the Assuming Institution, remove one or more Pool Assets from the Pool, at which time the Assuming Institution's responsibility with respect thereto shall terminate.

(e) At the expiration of this Agreement or upon the termination of the Assuming Institution's responsibility with respect to any Pool Asset pursuant to paragraph (d) hereof, the Assuming Institution shall:

(i) deliver to the Receiver (or its designee) all of the Credit Documents and Pool Records relating to the Pool Assets; and

(ii) cooperate with the Receiver to facilitate the orderly transition of managing the Pool Assets to the Receiver (or its designee).

(f) At the request of the Receiver, the Assuming Institution shall perform such transitional services with regard to the Pool Assets as the Receiver may request. Transitional services may include, without limitation, assisting in any due diligence process deemed necessary by the Receiver and providing to the Receiver or its designee(s) (x) information and data regarding the Pool Assets, including, without limitation, system reports and data downloads sufficient to transfer the Pool Assets to another system or systems, and (y) access to employees of the Assuming Institution involved in the management of, or otherwise familiar with, the Pool Assets.

EXHIBIT 4.15A

SINGLE FAMILY SHARED-LOSS AGREEMENT

This agreement for the reimbursement of loss sharing on certain single family residential mortgage loans (the “Single Family Shared-Loss Agreement”) shall apply when the Assuming Institution purchases Single Family Shared-Loss Loans as that term is defined herein. The terms hereof shall modify and supplement, as necessary, the terms of the Purchase and Assumption Agreement to which this Single Family Shared-Loss Agreement is attached as Exhibit 4.15A and incorporated therein. To the extent any inconsistencies may arise between the terms of the Purchase and Assumption Agreement and this Single Family Shared-Loss Agreement with respect to the subject matter of this Single Family Shared-Loss Agreement, the terms of this Single Family Shared-Loss Agreement shall control. References in this Single Family Shared-Loss Agreement to a particular Section shall be deemed to refer to a Section in this Single Family Shared-Loss Agreement, unless the context indicates that it is intended to be a reference to a Section of the Purchase and Assumption Agreement.

ARTICLE I -- DEFINITIONS

The capitalized terms used in this Single Family Shared-Loss Agreement that are not defined in this Single Family Shared-Loss Agreement are defined in the Purchase and Assumption Agreement. In addition to the terms defined above, defined below are certain additional terms relating to loss-sharing, as used in this Single Family Shared-Loss Agreement.

“**Accounting Records**” means the subsidiary system of record on which the loan history and balance of each Single Family Shared-Loss Loan is maintained; individual loan files containing either an original or copies of documents that are customary and reasonable with respect to loan servicing, including management and disposition of Other Real Estate; the records documenting alternatives considered with respect to loans in default or for which a default is reasonably foreseeable; records of loss calculations and supporting documentation with respect to line items on the loss calculations; and, monthly delinquency reports and other performance reports customarily utilized by the Assuming Institution in management of loan portfolios.

“**Accrued Interest**” means, with respect to Single Family Shared-Loss Loans, the amount of earned and unpaid interest at the note rate specified in the applicable loan documents, limited to 90 days.

“**Affiliate**” shall have the meaning set forth in the Purchase and Assumption Agreement; provided, that, for purposes of this Single Family Shared-Loss Agreement, no Third Party Servicer shall be deemed to be an Affiliate of the Assuming Institution.

“**Commencement Date**” means the first calendar day following the Bank Closing.

“Commercial Shared-Loss Agreement” means the Commercial and Other Assets Shared-Loss Agreement attached to the Purchase and Assumption Agreement as Exhibit 4.15B.

“Cumulative Loss Amount” means the sum of the Monthly Loss Amounts less the sum of all Recovery Amounts.

“Cumulative Servicing Amount” means the sum of the Period Servicing Amounts for every consecutive twelve-month period prior to and ending on the True-Up Measurement Date in respect of each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement is in effect.

“Cumulative Shared-Loss Amount” means the excess, if any, of the Cumulative Loss Amount over the First Loss Tranche.

“Cumulative Shared-Loss Payments” means (i) the aggregate of all of the payments made or payable to the Assuming Institution under the Shared-Loss Agreements minus (ii) the aggregate of all of the payments made or payable to the Receiver under the Shared-Loss Agreements.

“Customary Servicing Procedures” means procedures (including collection procedures) that the Assuming Institution (or, to the extent a Third Party Servicer is engaged, the Third Party Servicer) customarily employs and exercises in servicing and administering mortgage loans for its own accounts and the servicing procedures established by FNMA or FHLMC (as in effect from time to time), which are in accordance with accepted mortgage servicing practices of prudent lending institutions.

“Deficient Valuation” means the determination by a court in a bankruptcy proceeding that the value of the collateral is less than the amount of the loan in which case the loss will be the difference between the then unpaid principal balance (or the NPV of a modified loan that defaults) and the value of the collateral so established.

“Examination Criteria” means the loan classification criteria employed by, or any applicable regulations of, the Assuming Institution’s Chartering Authority at the time such action is taken, as such criteria may be amended from time to time.

“Home Equity Loans” means loans or funded portions of lines of credit secured by mortgages on one-to four-family residences or stock of cooperative housing associations, where the Failed Bank did not have a first lien on the same property as collateral.

“Final Shared-Loss Month” means the calendar month in which the tenth anniversary of the Commencement Date occurs.

“Final Shared-Loss Recovery Month” means the calendar month in which the tenth anniversary of the Commencement Date occurs.

“Foreclosure Loss” means the loss realized when the Assuming Institution has completed the foreclosure on a Single Family Shared-Loss Loan and realized final recovery on

the collateral through liquidation and recovery of all insurance proceeds. Each Foreclosure Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2a or Exhibit 2a(1).

“Investor-Owned Residential Loans” means Loans, excluding advances made pursuant to Home Equity Loans, that are secured by mortgages on one- to four family residences or stock of cooperative housing associations that are not owner-occupied. These loans can be treated as Restructured Loans on a commercially reasonable basis and can be a restructured under terms separate from the Exhibit 5 standards. Please refer to Exhibit 2b for guidance in Calculation of Loss for Restructured Loans.

“Loss” means a Foreclosure Loss, Restructuring Loss, Short Sale Loss, Portfolio Loss, Modification Default Loss or Deficient Valuation.

“Loss Amount” means the dollar amount of loss incurred and reported on the Monthly Certificate for a Single Family Shared-Loss Loan.

“Modification Default Loss” means the loss calculated in Exhibits 2a(1) and 2c(1) for single family loans modified under this part of the agreement that default and result in a foreclosure or short sale.

“Modification Guidelines” has the meaning provided in Section 2.1(a) of this Single Family Shared-Loss Agreement.

“Monthly Certificate” has the meaning provided in Section 2.1(b) of this Single Family Shared-Loss Agreement.

“Monthly Loss Amount” means the sum of all Foreclosure Losses, Restructuring Losses, Short Sale Losses, Portfolio Losses, Modification Default Losses and losses in connection with Deficient Valuations realized by the Assuming Institution for any Shared Loss Month.

“Monthly Shared-Loss Amount” means the change in the Cumulative Shared-Loss Amount from the beginning of each month to the end of each month.

“Neutral Member” has the meaning provided in Section 2. 1(f)(ii) of this Single Family Shared-Loss Agreement.

“Period Servicing Amount” means, for any twelve month period with respect to each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement are in effect, the product of (i) the simple average of the principal amount of Shared-Loss Loans and Shared-Loss Assets (other than the Shared-Loss Securities) (in each case as defined in the Shared-Loss Agreements), as the case may be, at the beginning of such period and at the end of such period times (ii) one percent (1%).

“Portfolio Loss” means the loss realized on either (i) a portfolio sale of Single Family Shared-Loss Loans in accordance with the terms of Article IV or (ii) the sale of a loan with the consent of the Receiver as provided in Section 2.7.

“Recovery Amount” means, with respect to any period prior to the Termination Date, the amount of collected funds received by the Assuming Institution that (i) are applicable against a Foreclosure Loss which has previously been paid to the Assuming Institution by the Receiver or (ii) gains realized from a Section 4.1 sale of Single Family Shared-Loss Loans for which the Assuming Institution has previously received a Restructuring Loss payment from the Receiver (iii) or any incentive payments from national programs paid to an investor or borrower on loans that have been modified or otherwise treated (short sale or foreclosure) in accordance with Exhibit 5.

“Restructuring Loss” means the loss on a modified or restructured loan measured by the difference between (a) the principal, Accrued Interest, tax and insurance advances, third party or other fees due on a loan prior to the modification or restructuring, and (b) the net present value of estimated cash flows on the modified or restructured loan, discounted at the Then-Current Interest Rate. Each Restructuring Loss shall be calculated in accordance with the form and methodology attached as Exhibit 2b, as applicable.

“Restructured Loan” means a Single Family Shared-Loss Loan for which the Assuming Institution has received a Restructuring Loss payment from the Receiver. This applies to owner occupied and investor owned residences.

“Servicing Officer” has the meaning provided in Section 2.1(b) of this Single Family Shared-Loss Agreement.

“Shared Loss Payment Trigger” means when the sum of the Cumulative Loss Amount under this Single Family Shared-Loss Agreement and the Shared-Loss Amount under the Commercial and Other Assets Shared-Loss Agreement, exceeds the First Loss Tranche. If the First Loss Tranche is zero or a negative number, the Shared Loss Payment Trigger shall be deemed to have been reached upon Bank Closing.

“Shared-Loss Month” means each calendar month between the Commencement Date and the last day of the month in which the tenth anniversary of the Commencement Date occurs, provided that, the first Shared-Loss Month shall begin on the Commencement Date and end on the last day of that month.

“Short-Sale Loss” means the loss resulting from the Assuming Institution’s agreement with the mortgagor to accept a payoff in an amount less than the balance due on the loan (including the costs of any cash incentives to borrower to agree to such sale or to maintain the property pending such sale), further provided, that each Short-Sale Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2c or Exhibit 2c(1).

“Single Family Shared-Loss Loans” means the single family one-to-four residential mortgage loans (whether owned by the Assuming Institution or any Subsidiary) identified on Schedule 4.15A of the Purchase and Assumption Agreement.

“Stated Threshold” means total losses under the shared loss agreements in the amount of \$1,007,000,000. The Stated Threshold shall be adjusted for each Asset repurchased by the Receiver by decreasing the Stated Threshold by an amount equal to the Book Value of the Asset multiplied by the appropriate Stated Threshold % reflected on the attached Schedule 1

based on how that Asset was shown and coded on the books and records of the Failed Bank as of the Bid Valuation Date.

“Termination Date” means the last day of the Final Shared-Loss Recovery Month.

“Then-Current Interest Rate” means the most recently published Freddie Mac survey rate for 30-year fixed-rate loans.

“Third Party Servicer” means any servicer appointed from time to time by the Assuming Institution or any Affiliate of the Assuming Institution to service the Shared-Loss Loans on behalf of the Assuming Institution, the identity of which shall be given to the Receiver prior to or concurrent with the appointment thereof.

ARTICLE II -- SHARED-LOSS ARRANGEMENT

2.1 Shared-Loss Arrangement.

(a) **Loss Mitigation and Consideration of Alternatives.** For each Single Family Shared-Loss Loan in default or for which a default is reasonably foreseeable, the Assuming Institution shall undertake reasonable and customary loss mitigation efforts, in accordance with any of the following programs selected by Assuming Institution in its sole discretion, Exhibit 5 (FDIC Mortgage Loan Modification Program), the United States Treasury's Home Affordable Modification Program Guidelines or any other modification program approved by the United States Treasury Department, the Corporation, the Board of Governors of the Federal Reserve System or any other governmental agency (it being understood that the Assuming Institution can select different programs for the various Single Family Shared-Loss Loans) (such program chosen, the “Modification Guidelines”). After selecting the applicable Modification Guideline for any such Single Family Shared-Loss Loan, the Assuming Institution shall document its consideration of foreclosure, loan restructuring under such Modification Guideline chosen, and short-sale (if short-sale is a viable option) alternatives and shall select the alternative the Assuming Institution believes, based on its estimated calculations, will result in the least Loss. Losses on Home Equity Loans shall be shared under the charge-off policies of the Assuming Institution’s Examination Criteria as if they were Single Family Shared-Loss Loans with respect to the calculation of the Stated Threshold. Assuming Institution shall retain its calculations of the estimated loss under each alternative, such calculations to be provided to the Receiver upon request. For the avoidance of doubt and notwithstanding anything herein to the contrary, (i) the Assuming Institution is not required to modify or restructure any Single Family Shared-Loss Loan on more than one occasion and (ii) the Assuming Institution is not required to consider any alternatives with respect to any Shared-Loss Loan in the process of foreclosure as of the Bank Closing and shall be entitled to continue such foreclosure measures and recover the Foreclosure Loss as provided herein, and (iii) the Assuming Institution shall have a transition period of up to 90 days after Bank Closing to implement the Modification Guidelines, during which time, the Assuming Institution may submit claims under such guidelines as may be in place at the Failed Bank.

(b) **Monthly Certificates.**

Not later than fifteen (15) days after the end of each Shared-Loss Month, beginning with the month in which the Commencement Date occurs and ending in the month in which the tenth anniversary of the Commencement Date occurs, the Assuming Institution shall deliver to the Receiver a certificate, signed by an officer of the Assuming Institution involved in, or responsible for, the administration and servicing of the Single Family Shared-Loss Loans whose name appears on a list of servicing officers furnished by the Assuming Institution to the Receiver, (a “Servicing Officer”) setting forth in such form and detail as the Receiver may reasonably specify (a “Monthly Certificate”):

- (i) (A) a schedule substantially in the form of Exhibit 1 listing:
 - (i) each Single Family Shared-Loss Loan for which a Loss Amount (calculated in accordance with the applicable Exhibit) is being claimed, the related Loss Amount for each Single Family Shared-Loss Loan, and the total Monthly Loss Amount for all Single Family Shared-Loss Loans;
 - (ii) each Single Family Shared-Loss Loan for which a Recovery Amount was received, the Recovery Amount for each Single Family Shared-Loss Loan, and the total Recovery Amount for all Single Family Shared-Loss Loans;
 - (iii) the total Monthly Loss Amount for all Single Family Shared-Loss Loans minus the total monthly Recovery Amount for all Single Family Shared-Loss Loans;
 - (iv) the Cumulative Shared-Loss Amount as of the beginning and end of the month;
 - (v) the Monthly Shared Loss Amount;
 - (vi) the result obtained in (v) times 80%, or times 95% if the Stated Threshold has been reached, which in either case is the amount to be paid under Section 2.1(d) of this Single Family Shared-Loss Agreement by the Receiver to the Assuming Institution if the amount is a positive number, or by the Assuming Institution to the Receiver if the amount is a negative number;
- (ii) (B) for each of the Single Family Shared-Loss Loans for which a Loss is claimed for that Shared-Loss Month, a schedule showing the calculation of the Loss Amount using the form and methodology shown in Exhibit 2a, Exhibit 2b, or Exhibit 2c, as applicable.

- (iii) (C) For each of the Restructured Loans where a gain or loss is realized in a sale under Section 4.1 or 4.2, a schedule showing the calculation using the form and methodology shown in Exhibit 2d.
- (iv) (D) a portfolio performance and summary schedule substantially in the form shown in Exhibit 3.

(c) **Monthly Data Download.** Not later than fifteen (15) days after the end of each month, beginning with the month in which the Commencement Date occurs and ending with the Final Shared-Loss Recovery Month, Assuming Institution shall provide Receiver:

- (v) (i) the servicing file in machine-readable format including but not limited to the following fields for each outstanding Single Family Shared-Loss Loan, as applicable:

- (A) Loan number
- (B) FICO score
- (C) Origination date
- (D) Original principal amount
- (E) Maturity date
- (F) Paid-to date
- (G) Last payment date
- (H) Loan status (bankruptcy, in foreclosure, etc.)
- (I) Delinquency counters
- (J) Current principal balance
- (K) Current escrow account balance
- (L) Current Appraisal/BPO value
- (M) Current Appraisal/BPO date
- (N) Interest rate
- (O) Monthly principal and interest payment amount
- (P) Monthly escrow payment for taxes and insurance
- (Q) Interest rate type (fixed or adjustable)
- (R) If adjustable: index, margin, next interest rate reset date
- (S) Payment/Interest rate cap and/or floor
- (T) Underwriting type (Full doc, Alt Doc, No Doc)
- (U) Lien type (1st, 2nd)
- (V) Amortization type (amortizing or I/O)
- (W) Property address, including city, state, zip code
- (X) A code indicating whether the Mortgaged Property is owner occupied
- (Y) Property type (single-family detached, condominium, duplex, etc.)

- (vi) (ii) An Excel file for ORE held as a result of foreclosure on a Single Family Shared-Loss Loan listing:

- (A) Foreclosure date
- (B) Unpaid loan principal balance

- (C) Appraised value or BPO value, as applicable
- (D) Projected liquidation date

Notwithstanding the foregoing, the Assuming Institution shall not be required to provide any of the foregoing information to the extent it is unable to do so as a result of the Failed Bank's or Receiver's failure to provide information required to produce the information set forth in this Section 2.1(c); provided, that the Assuming Institution shall, consistent with Customary Servicing Procedures seek to produce any such missing information or improve any inaccurate information previously provided to it.

(d) **Payments With Respect to Shared-Loss Assets.**

(i) **Losses Under the Stated Threshold.** After the Shared Loss Payment Trigger is reached, not later than fifteen (15) days after the date on which the Receiver receives the Monthly Certificate, the Receiver shall pay to the Assuming Institution, in immediately available funds, an amount equal to eighty percent (80%) of the Monthly Shared-Loss Amount reported on the Monthly Certificate. If the total Monthly Shared-Loss Amount reported on the Monthly Certificate is a negative number, the Assuming Institution shall pay to the Receiver in immediately available funds eighty percent (80%) of that amount.

(ii) **Losses in Excess of the Stated Threshold.** In the event that the sum of the Cumulative Loss Amount under this Single Family Shared-Loss Agreement and the Stated Loss Amount under the Commercial Shared-Loss Agreement meets or exceeds the Stated Threshold, the loss/recovery sharing percentages set forth herein shall change from 80/20 to 95/5 and thereafter the Receiver shall pay to the Assuming Institution, in immediately available funds, an amount equal to ninety-five percent (95%) of the Monthly Shared-Loss Amount reported on the Monthly Certificate. If the Monthly Shared-Loss Amount reported on the Monthly Certificate is a negative number, the Assuming Institution shall pay to the Receiver in immediately available funds ninety-five percent (95%) of that amount.

(e) **Limitations on Shared-Loss Payment.** The Receiver shall not be required to make any payments pursuant to Section 2.1(d) with respect to any Foreclosure Loss, Restructuring Loss, Short Sale Loss or Portfolio Loss that the Receiver determines, based upon the criteria set forth in this Single Family Shared-Loss Agreement (including the analysis and documentation requirements of Section 2.1(a)) or Customary Servicing Procedures, should not have been effected by the Assuming Institution; provided, however, (x) the Receiver must provide notice to the Assuming Institution detailing the grounds for not making such payment, (y) the Receiver must provide the Assuming Institution with a reasonable opportunity to cure any such deficiency and (z) (1) to the extent curable, if cured, the Receiver shall make payment with respect to the properly effected Loss, and (2) to the extent not curable, notwithstanding the foregoing, the Receiver shall make a payment as to all Losses (or portion of Losses) that were effected which would have been payable as a Loss if the Assuming Institution had properly effected such Loss. In the event that the Receiver does not make any payment with respect to Losses claimed pursuant to Section 2.1(d), the Receiver and Assuming Institution shall, upon final resolution, make the necessary adjustments to the Monthly Shared-Loss Amount for that Monthly Certificate and the payment pursuant to Section 2.1(d) above shall be adjusted accordingly.

(f) **Payments by Wire-Transfer.** All payments under this Single Family Shared-Loss Agreement shall be made by wire-transfer in accordance with the wire-transfer instructions on Exhibit 4.

(g) **Payment in the Event Losses Fail to Reach Expected Level.** On the date that is 45 days following the last day (such day, the “True-Up Measurement Date”) of the calendar month in which the tenth anniversary of the calendar day following the Bank Closing occurs, the Assuming Institution shall pay to the Receiver fifty percent (50%) of the excess, if any, of (i) twenty percent (20%) of the Stated Threshold less (ii) the sum of (A) twenty-five percent (25%) of the asset premium (discount) plus (B) twenty-five percent (25%) of the Cumulative Shared-Loss Payments plus (C) the Cumulative Servicing Amount. The Assuming Institution shall deliver to the Receiver not later than 30 days following the True-Up Measurement Date, a schedule, signed by an officer of the Assuming Institution, setting forth in reasonable detail the calculation of the Cumulative Shared-Loss Payments and the Cumulative Servicing Amount.

2.2 Auditor Report; Right to Audit.

(a) Within ninety (90) days after the end of each fiscal year during which the Receiver makes any payment to the Assuming Institution under this Single Family Shared-Loss Agreement, the Assuming Institution shall deliver to the Corporation and to the Receiver a report signed by its independent public accountants stating that they have reviewed the terms of this Single Family Shared-Loss Agreement and that, in the course of their annual audit of the Assuming Institution’s books and records, nothing has come to their attention suggesting that any computations required to be made by the Assuming Institution during such year pursuant to this Article II were not made by the Assuming Institution in accordance herewith. In the event that the Assuming Institution cannot comply with the preceding sentence, it shall promptly submit to the Receiver corrected computations together with a report signed by its independent public accountants stating that, after giving effect to such corrected computations, nothing has come to their attention suggesting that any computations required to be made by the Assuming Institution during such year pursuant to this Article II were not made by the Assuming Institution in accordance herewith. In such event, the Assuming Institution and the Receiver shall make all such accounting adjustments and payments as may be necessary to give effect to each correction reflected in such corrected computations, retroactive to the date on which the corresponding incorrect computation was made. It is the intention of this provision to align the timing of the audit required under this Single-Family Shared-Loss Agreement with the examination audit required pursuant to 12 CFR Section 363.

(b) The Receiver or the FDIC in its corporate capacity (“Corporation”) may perform an audit or audits to determine the Assuming Institution’s compliance with the provisions of this Single Family Shared-Loss Agreement, including this Article II, by providing not less than ten (10) Business Days’ prior written notice. Assuming Institution shall provide access to pertinent records and proximate working space in Assuming Institution’s facilities. The scope and duration of any such audit shall be within the reasonable discretion of the Receiver or the Corporation, but shall in no event be administered in a manner that unreasonably interferes with the operation of the Assuming Institution’s business. The Receiver or the Corporation, as

the case may be, shall bear the expense of any such audit. In the event that any corrections are necessary as a result of such an audit or audits, the Assuming Institution and the Receiver shall make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

2.3 Withholdings. Notwithstanding any other provision in this Article II, the Receiver, upon the direction of the Director (or designee) of the Federal Deposit Insurance Corporation's Division of Resolutions and Receiverships, may withhold payment for any amounts included in a Monthly Certificate delivered pursuant to Section 2.1, if in its good faith and reasonable judgment there is a reasonable basis under the requirements of this Single Family Shared-Loss Agreement for denying the eligibility of an item for which reimbursement or payment is sought under such Section. In such event, the Receiver shall provide a written notice to the Assuming Institution detailing the grounds for withholding such payment. At such time as the Assuming Institution demonstrates to the satisfaction of the Receiver, in its reasonable judgment, that the grounds for such withholding of payment, or portion of payment, no longer exist or have been cured, then the Receiver shall pay the Assuming Institution the amount withheld which the Receiver determines is eligible for payment, within fifteen (15) Business Days.

2.4 Books and Records. The Assuming Institution shall at all times during the term of this Single Family Shared-Loss Agreement keep books and records sufficient to ensure and document compliance with the terms of this Single Family Shared-Loss Agreement, including but not limited to (a) documentation of alternatives considered with respect to defaulted loans or loans for which default is reasonably foreseeable, (b) documentation showing the calculation of loss for claims submitted to the Receiver, (c) retention of documents that support each line item on the loss claim forms, and (d) documentation with respect to the Recovery Amount on loans for which the Receiver has made a loss-share payment

2.5 Information. The Assuming Institution shall promptly provide to the Receiver such other information, including but not limited to, financial statements, computations, and bank policies and procedures, relating to the performance of the provisions of this Single Family Shared-Loss Agreement, as the Receiver may reasonably request from time to time.

2.6 Tax Ruling. The Assuming Institution shall not at any time, without the Receiver's prior written consent, seek a private letter ruling or other determination from the Internal Revenue Service or otherwise seek to qualify for any special tax treatment or benefits associated with any payments made by the Receiver pursuant to this Single Family Shared-Loss Agreement.

2.7 Sale of Single Family Shared-Loss Loans. The Receiver shall be relieved of its obligations with respect to a Single Family Shared-Loss Loan upon payment of a Foreclosure Loss amount or a Short Sale Loss amount with respect to such Single Family Shared-Loss Loan or upon the sale of a Single Family Shared-Loss Loan by Assuming Institution to a person or entity that is not an Affiliate; provided, however, that if the Receiver consents to the sale of any such Single Family Shared-Loss Loan, any loss on such sale shall be a Portfolio Loss. The Assuming Institution shall provide the Receiver with timely notice of any such sale. Notwithstanding the foregoing, a sale of the Single Family Shared-Loss Loan, for purposes of

this Section 2.7, shall not be deemed to have occurred as the result of (i) any change in the ownership or control of Assuming Institution or the transfer of any or all of the Single Family Shared-Loss Loan(s) to any Affiliate of Assuming Institution, (ii) a merger by Assuming Institution with or into any other entity, or (iii) a sale by Assuming Institution of all or substantially all of its assets.

ARTICLE III - RULES REGARDING THE ADMINISTRATION OF SINGLE FAMILY SHARED-LOSS LOANS

3.1 Agreement with Respect to Administration. The Assuming Institution shall (and shall cause any of its Affiliates to which the Assuming Institution transfers any Single Family Shared-Loss Loans to) manage, administer, and collect the Single Family Shared-Loss Loans while owned by the Assuming Institution or any Affiliate thereof during the term of this Single Family Shared-Loss Agreement in accordance with the rules set forth in this Article III. The Assuming Institution shall be responsible to the Receiver in the performance of its duties hereunder and shall provide to the Receiver such reports as the Receiver reasonably deems advisable, including but not limited to the reports required by Sections 2.1, 2.2 and 3.3 hereof, and shall permit the Receiver to monitor the Assuming Institution's performance of its duties hereunder.

3.2 Duties of the Assuming Institution. (a) In performance of its duties under this Article III, the Assuming Institution shall:

- (i) manage and administer each Single Family Shared-Loss Loan in accordance with Assuming Institution's usual and prudent business and banking practices and Customary Servicing Procedures;
- (ii) exercise its best business judgment in managing, administering and collecting amounts owed on the Single Family Shared-Loss Loans;
- (iii) use commercially reasonable efforts to maximize Recoveries with respect to Losses on Single Family Shared-Loss Loans without regard to the effect of maximizing collections on assets held by the Assuming Institution or any of its Affiliates that are not Single Family Shared-Loss Loans;
- (iv) retain sufficient staff (in Assuming Institution's discretion) to perform its duties hereunder; and
- (v) other than as provided in Section 2.1(a), comply with the terms of the Modification Guidelines for any Single Family Shared-Loss Loans meeting the requirements set forth therein. For the avoidance of doubt, the Assuming Institution may propose exceptions to Exhibit 5 (the FDIC Loan Modification Program) for a group of Loans with similar characteristics, with the objectives of (1) minimizing the loss to the Assuming Institution and the FDIC and (2) maximizing the opportunity for qualified homeowners to remain in their homes with affordable mortgage payments.

(b) Any transaction with or between any Affiliate of the Assuming Institution with respect to any Single Family Shared-Loss Loan including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Institution will manage, administer or collect any of the Single Family Shared-Loss Loans will be provided to FDIC for

informational purposes and if such transaction is not entered into on an arm's length basis on commercially reasonable terms such transaction shall be subject to the prior written approval of the Receiver.

3.3 Shared-Loss Asset Records and Reports. The Assuming Institution shall establish and maintain such records as may be appropriate to account for the Single Family Shared-Loss Loans in such form and detail as the Receiver may reasonably require, and to enable the Assuming Institution to prepare and deliver to the Receiver such reports as the Receiver may from time to time request regarding the Single Family Shared-Loss Loans and the Monthly Certificates required by Section 2.1 of this Single Family Shared-Loss Agreement.

3.4 Related Loans.

(a) Assuming Institution shall use its best efforts to determine which loans are "Related Loans", as hereinafter defined. The Assuming Institution shall not manage, administer or collect any "Related Loan" in any manner that would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of the Single Family Shared-Loss Loan to which such loan is related. A "Related Loan" means any loan or extension of credit held by the Assuming Institution at any time on or prior to the end of the Final Shared-Loss Month that is made to an Obligor of a Single Family Shared-Loss Loan.

(b) The Assuming Institution shall prepare and deliver to the Receiver with the Monthly Certificates for the calendar months ending June 30 and December 31, a schedule of all Related Loans on the Accounting Records of the Assuming Institution as of the end of each such semi-annual period.

3.5 Legal Action; Utilization of Special Receivership Powers. The Assuming Institution shall notify the Receiver in writing (such notice to be given in accordance with Article V below and to include all relevant details) prior to utilizing in any legal action any special legal power or right which the Assuming Institution derives as a result of having acquired an asset from the Receiver, and the Assuming Institution shall not utilize any such power unless the Receiver shall have consented in writing to the proposed usage. The Receiver shall have the right to direct such proposed usage by the Assuming Institution and the Assuming Institution shall comply in all respects with such direction. Upon request of the Receiver, the Assuming Institution will advise the Receiver as to the status of any such legal action. The Assuming Institution shall immediately notify the Receiver of any judgment in litigation involving any of the aforesaid special powers or rights.

3.6 Third Party Servicer. The Assuming Institution may perform any of its obligations and/or exercise any of its rights under this Single Family Shared-Loss Agreement through or by one or more Third Party Servicers, who may take actions and make expenditures as if any such Third Party Servicer was the Assuming Institution hereunder (and, for the avoidance of doubt, such expenses incurred by any such Third Party Servicer on behalf of the Assuming Institution shall be included in calculating Losses to the extent such expenses would be included in such calculation if the expenses were incurred by Assuming Institution); provided, however, that the use thereof by the Assuming Institution shall not release the Assuming Institution of any obligation or liability hereunder.

ARTICLE IV – PORTFOLIO SALE

4.1 Assuming Institution Portfolio Sales of Remaining Single Family Shared-Loss Loans. The Assuming Institution shall have the right with the concurrence of the Receiver to liquidate for cash consideration, from time to time in one or more transactions, all or a portion of Single Family Shared-Loss Loans held by the Assuming Institution at any time prior to the Termination Date (“Portfolio Sales”). If the Assuming Institution exercises its option under this Section 4.1, it must give thirty (30) days notice in writing to the Receiver setting forth the details and schedule for the Portfolio Sale which shall be conducted by means of sealed bid sales to third parties, not including any of the Assuming Institution’s affiliates, contractors, or any affiliates of the Assuming Institution’s contractors. Sales of Restructured Loans shall be sold in a separate pool from Single Family Shared-Loss Loans not restructured. The Receiver’s review of the Assuming Institution’s proposed Portfolio Sale will be considered in a timely fashion and approval will not be unreasonably withheld, delayed or conditioned.

4.2 Assuming Institution’s Liquidation of Remaining Single Family Shared-Loss Loans. In the event that the Assuming Institution does not conduct a Portfolio Sale pursuant to Section 4.1, the Receiver shall have the right, exercisable in its sole and absolute discretion, to require the Assuming Institution to liquidate for cash consideration, any Single Family Shared-Loss Loans held by the Assuming Institution at any time after the date that is six months prior to the Termination Date. If the Receiver exercises its option under this Section 4.2, it must give notice in writing to the Assuming Institution, setting forth the time period within which the Assuming Institution shall be required to liquidate the Single Family Shared-Loss Loans. The Assuming Institution will comply with the Receiver’s notice and must liquidate the Single Family Shared-Loss Loans as soon as reasonably practicable by means of sealed bid sales to third parties, not including any of the Assuming Institution’s affiliates, contractors, or any affiliates of the Assuming Institution’s contractors. The selection of any financial advisor or other third party broker or sales agent retained for the liquidation of the remaining Single Family Shared-Loss Loans pursuant to this Section shall be subject to the prior approval of the Receiver, such approval not to be unreasonably withheld, delayed or conditioned.

4.3 Calculation of Sale Gain or Loss. For Single Family Shared-Loss Loans that are not Restructured Loans gain or loss on the sales under Section 4.1 or Section 4.2 will be calculated as the sale price received by the Assuming Institution less the unpaid principal balance of the remaining Single Family Shared-Loss Loans. For any Restructured Loan included in the sale gain or loss on sale will be calculated as (a) the sale price received by the Assuming Institution less (b) the net present value of estimated cash flows on the Restructured Loan that was used in the calculation of the related Restructuring Loss plus (c) Loan principal payments collected by the Assuming Institution from the date the Loan was restructured to the date of sale. (See Exhibit 2d for example calculation).

ARTICLE V -- LOSS-SHARING NOTICES GIVEN TO RECEIVER AND PURCHASER

All notices, demands and other communications hereunder shall be in writing and shall be delivered by hand, or overnight courier, receipt requested, addressed to the parties as follows:

If to Receiver, to: Federal Deposit Insurance Corporation as Receiver
for La Jolla Bank, FSB
Division of Resolutions and Receiverships
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Ralph Malami, Manager, Capital Markets

with a copy to: Federal Deposit Insurance Corporation
as Receiver for La Jolla Bank, FSB
Room E7056
3501 Fairfax Drive, Arlington, VA 2226
Attn: Special Issues Unit

With respect to a notice under Section 3.5 of this Single Family Shared-Loss Agreement, copies of such notice shall be sent to:

Federal Deposit Insurance Corporation
Legal Division 40 Pacifica
Irvine, CA 92618

Attention: Managing Counsel

If to Assuming Institution, to:

OneWest Bank, 888 East Walnut Street, Pasadena, CA 91101

Attention: Terrence P. Laughlin, Chief Executive Officer & President

with a copy to: Steven T. Mnuchin

Such Persons and addresses may be changed from time to time by notice given pursuant to the provisions of this Article V. Any notice, demand or other communication delivered pursuant to the provisions of this Article V shall be deemed to have been given on the date actually received.

ARTICLE VI -- MISCELLANEOUS

6.1. Expenses. Except as otherwise expressly provided herein, all costs and expenses incurred by or on behalf of a party hereto in connection with this Single Family Shared-Loss Agreement shall be borne by such party whether or not the transactions contemplated herein shall be consummated.

6.2 Successors and Assigns; Specific Performance. All terms and provisions of this Single Family Shared-Loss Agreement shall be binding upon and shall inure to the benefit of the parties hereto only; provided, however, that, Receiver may assign or otherwise transfer this Single Family Shared-Loss Agreement (in whole or in part) to the Federal Deposit Insurance

Corporation in its corporate capacity without the consent of Assuming Institution. Notwithstanding anything to the contrary contained in this Single Family Shared-Loss Agreement, except as is expressly permitted in this Section 6.2, Assuming Institution may not assign or otherwise transfer this Single Family Shared-Loss Agreement (in whole or in part) without the prior written consent of the Receiver, which consent may be granted or withheld by the Receiver in its sole discretion, and any attempted assignment or transfer in violation of this provision shall be void *ab initio*. For the avoidance of doubt, a merger or consolidation of the Assuming Institution with and into another financial institution, the sale of all or substantially all of the assets of the Assuming Institution to another financial institution constitutes the transfer of this Single Family Shared-Loss Agreement which requires the consent of the Receiver; and for a period of thirty-six (36) months after Bank Closing, a merger or consolidation shall also include the sale by any individual shareholder, or shareholders acting in concert, of more than 9% of the outstanding shares of the Assuming Institution, or of its holding company, or of any subsidiary holding Shared-Loss Assets, or the sale of shares by the Assuming Institution or its holding company or any subsidiary holding Shared-Loss Assets, in a public or private offering, that increases the number of shares outstanding by more than 9%, constitutes the transfer of this Single Family Shared-Loss Agreement which requires the consent of the Receiver. However, no Loss shall be recognized as a result of any accounting adjustments that are made due to any such merger, consolidation or sale consented to by the FDIC. The FDIC's consent shall not be required if the aggregate outstanding principal balance of Shared-Loss Assets is less than twenty percent (20%) of the initial aggregate balance of Shared-Loss Assets.

6.3 Governing Law. This Single Family Shared-Loss Agreement shall be construed in accordance with federal law, or, if there is no applicable federal law, the laws of the State of New York, without regard to any rule of conflict of law that would result in the application of the substantive law of any jurisdiction other than the State of New York.

6.4 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATING TO OR IN CONNECTION WITH THIS SINGLE FAMILY SHARED-LOSS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

6.5 Captions. All captions and headings contained in this Single Family Shared-Loss Agreement are for convenience of reference only and do not form a part of, and shall not affect the meaning or interpretation of, this Single Family Shared-Loss Agreement.

6.6 Entire Agreement; Amendments. This Single Family Shared-Loss Agreement, along with the Commercial Shared-Loss Agreement and the Purchase and Assumption Agreement, including the Exhibits and any other documents delivered pursuant hereto or thereto, embody the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior representations, warranties, offers, acceptances, agreements and understandings, written or oral, relating to the subject matter herein. This Single Family Shared-Loss Agreement may be amended or modified or any provision thereof waived only by a written instrument signed by both parties or their respective duly authorized agents.

6.7 Severability. Whenever possible, each provision of this Single Family Shared-Loss Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Single Family Shared-Loss Agreement is held to be prohibited by or invalid, illegal or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be prohibited, invalid, illegal or unenforceable, and the validity, legality and enforceability of the remainder of such provision and the remaining provisions of this Single Family Shared-Loss Agreement shall not in any way be affected or impaired thereby.

6.8 No Third Party Beneficiary. This Single Family Shared-Loss Agreement and the Exhibits hereto are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and permitted assigns and there shall be no other third party beneficiaries, and nothing in this Single Family Shared-Loss Agreement or the Exhibits shall be construed to grant to any other Person any right, remedy or Claim under or in respect of this Single Family Shared-Loss Agreement or any provision hereof.

6.9 Counterparts. This Single Family Shared-Loss Agreement may be executed separately by Receiver and Assuming Institution in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

6.10 Consent. Except as otherwise provided herein, when the consent of a party is required herein, such consent shall not be unreasonably withheld or delayed.

6.11 Rights Cumulative. Except as otherwise expressly provided herein, the rights of each of the parties under this Single Family Shared-Loss Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party's rights under the Purchase and Sale Agreement and any of the related agreements or under law. Except as otherwise expressly provided herein, any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of such rights, shall not operate as a waiver or variation of that or any other such right.

ARTICLE VII DISPUTE RESOLUTION

7.1 Dispute Resolution Procedures.

(a) In the event a dispute arises about the interpretation, application, calculation of Loss, or calculation of payments or otherwise with respect to this Single Family Shared-Loss Agreement ("SF Shared-Loss Dispute Item"), then the Receiver and the Assuming Institution shall make every attempt in good faith to resolve such items within sixty (60) days following the receipt of a written description of the SF Shared-Loss Dispute Item, with notification of the possibility of taking the matter to arbitration (the date on which such 60-day period expires, or any extension of such period as the parties hereto may mutually agree to in writing, herein called the "Resolution Deadline Date"). If the Receiver and the Assuming Institution resolve all such items to their mutual satisfaction by the Resolution Deadline Date, then within thirty (30) days

following such resolution, any payment arising out such resolution shall be made arising from the settlement of the SF Shared-Loss Dispute.

(b) If the Receiver and the Assuming Institution fail to resolve any outstanding SF Shared-Loss Dispute Items by the Resolution Deadline Date, then either party may notify the other of its intent to submit the SF Shared-Loss Dispute Item to arbitration pursuant to the provisions of this Article VII. Failure of either party to notify the other of its intent to submit any unresolved SF Shared-Loss Dispute Item to arbitration within thirty (30) days following the Resolution Deadline Date (the date on which such thirty (30) day period expires is herein called the “Arbitration Deadline Date”) shall be deemed an acceptance of such SF Shared-Loss Dispute not submitted to arbitration, as well as a waiver of the submitting party’s right to dispute such non-submitted SF Shared-Loss Dispute Item but not a waiver of any similar claim which may arise in the future.

(c) If a SF Shared-Loss Dispute Item is submitted to arbitration, it shall be governed by the rules of the American Arbitration Association (the “AAA”), except as otherwise provided herein. Either party may submit a matter for arbitration by delivering a notice, prior to the Arbitration Deadline Date, to the other party in writing setting forth:

- (i) A brief description of each SF Shared-Loss Dispute Item submitted for arbitration;
- (ii) A statement of the moving party’s position with respect to each SF Shared-Loss Dispute Item submitted for arbitration;
- (iii) The value sought by the moving party, or other relief requested regarding each SF Shared-Loss Dispute Item submitted for arbitration, to the extent reasonably calculable; and
- (iv) The name and address of the arbiter selected by the moving party (the “Moving Arbiter”), who shall be a neutral, as determined by the AAA.

Failure to adequately include any information above shall not be deemed to be a waiver of the parties right to arbitrate so long as after notification of such failure the moving party cures such failure as promptly as reasonably practicable.

(d) The non-moving party shall, within thirty (30) days following receipt of a notice of arbitration pursuant to this Section 7.1, deliver a notice to the moving party setting forth:

- (i) The name and address of the arbiter selected by the non-moving party (the “Respondent Arbiter”), who shall be a neutral, as determined by the AAA;
- (ii) A statement of the position of the respondent with respect to each Dispute Item; and
- (iii) The ultimate resolution sought by the respondent or other relief, if any, the respondent deems is due the moving party with respect to each SF Shared-Loss Dispute Item.

Failure to adequately include any information above shall not be deemed to be a waiver of the non-moving party’s right to defend such arbitration so long as after notification of such failure the non-moving party cures such failure as promptly as reasonably practicable

(e) The Moving Arbiter and Respondent Arbiter shall select a third arbiter from a list furnished by the AAA. In accordance with the rules of the AAA, the three (3) arbiters shall constitute the arbitration panel for resolution of each SF Loss-Share Dispute Item. The concurrence of any two (2) arbiters shall be deemed to be the decision of the arbiters for all purposes hereunder. The arbitration shall proceed on such time schedule and in accordance with the Rules of Commercial Arbitration of the AAA then in effect, as modified by this Section 7.1. The arbitration proceedings shall take place at such location as the parties thereto may mutually agree, but if they cannot agree, then they will take place at the offices of the Corporation in Washington, DC, or Arlington, Virginia.

(f) The Receiver and Assuming Institution shall facilitate the resolution of each outstanding SF Shared-Loss Dispute Item by making available in a prompt and timely manner to one another and to the arbiters for examination and copying, as appropriate, all documents, books, and records under their respective control and that would be discoverable under the Federal Rules of Civil Procedure.

(g) The arbiters designated pursuant to subsections (c), (d) and (e) hereof shall select, with respect to each Dispute Item submitted to arbitration pursuant to this Section 7.1, either (i) the position and relief submitted by the Assuming Institution with respect to each SF Shared-Loss Dispute Item, or (ii) the position and relief submitted by the Receiver with respect to each SF Shared-Loss Dispute Item, in either case as set forth in its respective notice of arbitration. The arbiters shall have no authority to select a value for each Dispute Item other than the determination set forth in Section 7.1(c) and Section 7.1(d). The arbitration shall be final, binding and conclusive on the parties.

(h) Any amounts ultimately determined to be payable pursuant to such award shall bear interest at the Settlement Interest Rate from and including the date specified for the arbiters decisions specified in this Section 7.1, without regard to any extension of the finality of such award, to but not including the date paid. All payments required to be made under this Section 7.1 shall be made by wire transfer.

(i) For the avoidance of doubt, to the extent any notice of a SF Shared-Loss Dispute Item(s) is provided prior to the Termination Date, the terms of this Single Family Shared-Loss Agreement shall remain in effect with respect to the Single Family Shared-Loss Loans that are the subject of such SF Shared-Loss Dispute Item(s) until such time as any such dispute is finally resolved.

7.2 Fees and Expenses of Arbiters. The aggregate fees and expenses of the arbiters shall be borne equally by the parties. The parties shall pay the aggregate fees and expenses within thirty (30) days after receipt of the written decision of the arbiters (unless the arbiters agree in writing on some other payment schedule).

Exhibit 1

Monthly Certificate

SEE FOLLOWING PAGE

PART 1 - CURRENT MONTH NET LOSS				
MONTH ENDED:	[input report month]			
<u>Losses</u>				
<u>Loan No.</u>	<u>Loss Type</u>	<u>Loss Amount</u>		
TOTAL		XX	A	
<u>Recoveries</u>				
<u>Loan No.</u>		<u>Recovery Amount</u>	<u>Loss Amount</u>	<u>Loss Month</u>
TOTAL		XX	B	
Net Losses (Recoveries)		XX	C = A - B	

PART 2 - FIRST LOSS TEST				
	Col. D	Col. E	Col. D - Col. E	
	Cumulative Loss Amount	First Loss Tranche	Cumulative Shared-Loss Amount	
Balance, beginning of month	XX	XX	XX	F
Current month Net Losses (from Part 1)	XX			
Balance, end of month	XX	XX	XX	G
Shared Loss Amount			XX	G - F
Times Loss Share percentage			80%	
Amount due from (to) FDIC as Receiver			XX	

Pursuant to Section 2.1 of the Single Family Shared-Loss Agreement, the undersigned hereby certifies the information on this Certificate is true, complete and correct.	
OFFICER SIGNATURE	
OFFICER NAME:	TITLE

Exhibit 2a

This exhibit contains three versions of the loss share calculation for foreclosure, plus explanatory notes.

Exhibit 2a(1)

CALCULATION OF FORECLOSURE LOSS Foreclosure Occurred Prior to Loss Share Agreement

1	Shared-Loss Month	May-09
2	Loan no:	364574
3	REO #	621
4	Foreclosure date	12/18/08
5	Liquidation date	4/12/09
6	Note Interest rate	8.100%
7	Most recent BPO	228,000
8	Most recent BPO date	1/21/09
<u>Foreclosure Loss calculation</u>		
9	Book value at date of Loss Share agreement	244,900
Accrued interest, limited to 90 days or days from failure to sale, whichever is less		
10		3,306
Costs incurred after Loss Share agreement in place:		
12	Attorney's fees	0
Foreclosure costs, including title search, filing fees, advertising, etc.		
13		0
14	Property protection costs, maint. and repairs	6,500
15	Tax and insurance advances	0
Other Advances		
16	Appraisal/Broker's Price Opinion fees	0
17	Inspections	0
18	Other	0
19	Gross balance recoverable by Purchaser	254,706
<u>Cash Recoveries:</u>		
20	Net liquidation proceeds (from HUD-1 settl stmt)	219,400
21	Hazard Insurance proceeds	0
22	Mortgage Insurance proceeds	0
23	T & I escrow account balances, if positive	0
24	Other credits, if any (itemize)	0
25	Total Cash Recovery	219,400
26	Loss Amount	35,306

Exhibit 2a(2)
CALCULATION OF FORECLOSURE LOSS
No Preceding Loan Mod under Loss Share

1 Shared-Loss Month	May-09
2 Loan no:	292334
3 REO #	477
4 Interest paid-to-date	4/30/08
5 Foreclosure date	1/15/09
6 Liquidation date	4/12/09
7 Note Interest rate	8.000%
8 Owner occupied?	Yes
9 If owner-occupied:	
10 Borrower current gross annual income	42,000
11 Estimated NPV of loan mod	195,000
12 Most recent BPO	235,000
13 Most recent BPO date	1/21/09
<u>Foreclosure Loss calculation</u>	
16 Loan Principal balance after last paid installment	300,000
17 Accrued interest, limited to 90 days	6,000
18 Attorney's fees	0
Foreclosure costs, including title search, filing fees, advertising, etc.	
19	4,000
20 Property protection costs, maint. and repairs	5,500
21 Tax and insurance advances	1,500
Other Advances	
22 Appraisal/Broker's Price Opinion fees	0
23 Inspections	50
24 Other	0
25 Gross balance recoverable by Purchaser	317,050
<u>Cash Recoveries:</u>	
26 Net liquidation proceeds (from HUD-1 settl stmt)	205,000
27 Hazard Insurance proceeds	0
28 Mortgage Insurance proceeds	0
29 T & I escrow account balances, if positive	0
30 Other credits, if any (itemize)	0
31 Total Cash Recovery	205,000
32 Loss Amount	112,050

Exhibit 2a(3)
CALCULATION OF FORECLOSURE LOSS
Foreclosure after a Covered Loan Mod

1 Shared-Loss Month	May-09
2 Loan no:	138554
3 REO #	843
4 Loan mod date	1/17/08
5 Interest paid-to-date	4/30/08
6 Foreclosure date	1/15/09
7 Liquidation date	4/12/09
8 Note Interest rate	4.000%
9 Most recent BPO	210,000
10 Most recent BPO date	1/20/09
<u>Foreclosure Loss calculation</u>	
11 NPV of projected cash flows at loan mod	285,000
12 Less: Principal payments between loan mod and delinquency	2,500
13 Plus:	
14 Attorney's fees	0
Foreclosure costs, including title search, filing fees, advertising,	
15 etc.	4,000
16 Property protection costs, maint. and repairs	7,000
17 Tax and insurance advances	2,000
18 Other Advances	
19 Appraisal/Broker's Price Opinion fees	0
20 Inspections	0
21 Other	0
22 Gross balance recoverable by Purchaser	295,500
<u>Cash Recoveries:</u>	
23 Net liquidation proceeds (from HUD-1 settl stmt)	201,000
24 Hazard Insurance proceeds	0
25 Mortgage Insurance proceeds	0
26 T & I escrow account balances, if positive	0
27 Other credits, if any (itemize)	0
28 Total Cash Recovery	201,000
29 Loss Amount	94,500

Notes to Exhibit 2a (foreclosure)

1. The data shown are for illustrative purpose. The figures will vary for actual restructurings.
2. The covered loss is the difference between the gross balance recoverable by Purchaser and the total cash recovery. There are three methods of calculation for covered losses from foreclosures, depending upon the circumstances. They are shown below:
 - a. If foreclosure occurred prior to the beginning of the Loss Share agreement, use Exhibit 2a(1). This version uses the book value of the REO as the starting point for the covered loss.
 - b. If foreclosure occurred after the Loss Share agreement was in place, and if the loan was not restructured when the Loss Share agreement was in place, use Exhibit 2a(2). This version uses the unpaid balance of the loan as of the last payment as the starting point for the covered loss.
 - c. If the loan was restructured when the Loss Share agreement was in place, and then foreclosure occurred, use Exhibit 2a(3). This version uses the Net Present Value (NPV) of the modified loan as the starting point for the covered loss.
3. For Exhibit 2a(1), the gross balance recoverable by the purchaser is calculated as the sum of lines 9 – 18; it is shown in line 19. For Exhibit 2a(2), the gross balance recoverable by the purchaser is calculated as the sum of lines 16 – 24; it is shown in line 25. For Exhibit 2a(3), the gross balance recoverable by the purchaser is calculated as line 11 minus line 12 plus lines 13 – 21; it is shown in line 22.
4. For Exhibit 2a(1), the total cash recovery is calculated as the sum of lines 20 – 24; it is shown in line 25. For Exhibit 2a(2), the total cash recovery is calculated as the sum of lines 26 – 30; it is shown in line 31. For Exhibit 2a(3), the total cash recovery is calculated as the sum of lines 23 – 27; it is shown in line 28.
5. Reasonable and customary third party attorney's fees and expenses incurred by or on behalf of Assuming Institution in connection with any enforcement procedures, or otherwise with respect to such loan, are reported under Attorney's fees.
6. Assuming Institution's (or Third Party Servicer's) reasonable and customary out-of-pocket costs paid to either a third party or an affiliate (if affiliate is pre-approved by the FDIC) for foreclosure, property protection and maintenance costs, repairs, assessments, taxes, insurance and similar items are treated as part of the gross recoverable balance, to the extent they are not paid from funds in the borrower's escrow account. Allowable costs are limited to amounts per Freddie Mac and Fannie Mae guidelines (as in effect from time to time), where applicable, provided that this limitation shall not apply to costs or expenses relating to environmental conditions.
7. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Institution to the loan account, any allocation of Assuming Institution's servicing costs, or any allocations of Assuming Institution's general and administrative (G&A) or other operating costs.
8. If Exhibit 2a(3) is used, then no accrued interest may be included as a covered loss. Otherwise, the amount of accrued interest that may be included as a covered loss is limited to the minimum of:
 - a. 90 days
 - b. The number of days that the loan is delinquent when the property was sold

- c. The number of days between the resolution date and the date when the property was sold

To calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2b

This exhibit contains the loss share calculation for restructuring (loan mod), plus explanatory notes.

Exhibit 2b CALCULATION OF RESTRUCTURING LOSS

1	Shared-Loss Month	May-09
2	Loan no:	123456
	<u>Loan before Restructuring</u>	
3	Original loan amount	500,000
4	Current unpaid principal balance	450,000
5	Remaining term	298
6	Interest rate	7.500%
7	Interest Paid-To-Date	2/29/08
8	Monthly payment - P&I	3,333
9	Monthly payment - T&I	1,000
10	Total monthly payment	4,333
11	Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)	Option ARM
12	Borrower current annual income	82,000
	<u>Terms of Modified/Restructured Loan</u>	
13	Closing date on modified/restructured loan	4/19/09
14	New Principal balance	461,438
15	Remaining term	313
16	Interest rate	3.500%
17	Monthly payment - P&I	1,346
18	Monthly payment - T&I	800
19	Total monthly payment	2,146
20	Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)	IO Hybrid
21	Lien type (1st, 2nd)	1st
	If adjustable:	
22	Initial interest rate	3.500%
23	Term - initial interest rate	60 Months
24	Initial payment amount	2,146
25	Term-initial payment amount	60 Months
26	Negative amortization?	No
27	Rate reset frequency after first adjustment	6 Months
28	Next reset date	5/1/14
29	Index	LIBOR
30	Margin	2.750%
31	Cap per adjustment	2.000%
32	Lifetime Cap	9.500%
33	Floor	2.750%
34	Front end DTI	31%
35	Back end DTI	45%
	<u>Restructuring Loss Calculation</u>	
36	Loan Principal balance before restructuring	450,000
37	Accrued interest, limited to 90 days	8,438
38	Tax and insurance advances	3,000
39	3rd party fees due	-
40	Total loan balance due before restructuring	461,438
	<u>Assumptions for NPV Calculation, Restructured Loan:</u>	
41	Discount rate for projected cash flows	5.530%
42	Loan prepayment in full	120 Months
43	NPV of projected cash flows	403,000
44	Loss Amount	58,438

Notes to Exhibit 2b (restructuring)

1. The data shown are for illustrative purpose. The figures will vary for actual restructurings.
2. For purposes of loss sharing, losses on restructured loans are calculated as the difference between:
 - a. The principal, accrued interest, advances due on the loan, and allowable 3rd party fees prior to restructuring (lines 36-39), and
 - b. The Net Present Value (NPV) of the estimated cash flows (line 43). The cash flows should assume no default or prepayment for 10 years, followed by prepayment in full at the end of 10 years (120 months).
3. For owner-occupied residential loans, the NPV is calculated using the most recently published Freddie Mac survey rate on 30-year fixed rate loans as of the restructure date.
4. For investor owned or non-owner occupied residential loans, the NPV is calculated using commercially reasonable rate on 30-year fixed rate loans as of the restructure date.
5. If the new loan is an adjustable-rate loan, interest rate resets and related cash flows should be projected based on the index rate in effect at the date of the loan restructuring. If the restructured loan otherwise provides for specific charges in monthly P&I payments over the term of the loan, those changes should be reflected in the projected cash flows. Assuming Institution must retain supporting schedule of projected cash flows as required by Section 2.1 of the Single Family Shared-Loss Agreement and provide it to the FDIC if requested for a sample audit.
6. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Institution to the loan account, any allocation of Assuming Institution's servicing costs, or any allocations of Assuming Institution's general and administrative (G&A) or other operating costs.
7. The amount of accrued interest that may be added to the balance of the loan is limited to the minimum of:
 - a. 90 days
 - b. The number of days that the loan is delinquent at the time of restructuring
 - c. The number of days between the resolution date and the restructuringTo calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2c

This exhibit contains two versions of the loss share calculation for short sales, plus explanatory notes.

Exhibit 2c(1)

CALCULATION OF LOSS FOR SHORT SALE LOANS

No Preceding Loan Mod under Loss Share

1 Shared-Loss Month:	May-09
2 Loan #	58776
3 RO #	542
4 Interest paid-to-date	7/31/08
5 Short Payoff Date	4/17/09
6 Note Interest rate	7.750%
7 Owner occupied?	Yes
If so:	
8 Borrower current gross annual income	38,500
9 Estimated NPV of loan mod	200,000
10 Most recent BPO	380,000
11 Most recent BPO date	1/31/06

Short-Sale Loss calculation

12 Loan Principal balance	375,000
13 Accrued interest, limited to 90 days	7,266
14 Attorney's fees	0
15 Tax and insurance advances	0
16 3rd party fees due	2,800
17 Incentive to borrower	2,000
18 Gross balance recoverable by Purchaser	387,066
19 Amount accepted in Short-Sale	255,000
20 Hazard Insurance	0
21 Mortgage Insurance	0
22 Total Cash Recovery	255,000
23 Loss Amount	132,066

Exhibit 2c(2)
CALCULATION OF LOSS FOR SHORT SALE LOANS
Short Sale after a Covered Loan Mod

1 Shared-Loss Month:	May-09
2 Loan #	20076
3 REO #	345
4 Loan mod date	5/12/08
5 Interest paid-to-date	9/30/08
6 Short Payoff Date	4/2/09
7 Note Interest rate	7.500%
8 Most recent BPO	230,000
9 Most recent BPO date	1/21/09
<u>Short-Sale Loss calculation</u>	
11 NPV of projected cash flows at loan mod	311,000
12 Less: Principal payments between loan mod and delinquency	1,000
Plus:	
13 Attorney's fees	0
14 Tax and insurance advances	1,500
15 3rd party fees due	2,600
16 Incentive to borrower	3,500
17 Gross balance recoverable by Purchaser	317,600
18 Amount accepted in Short-Sale	234,000
19 Hazard Insurance	0
20 Mortgage Insurance	0
21 Total Cash Recovery	234,000
22 Loss Amount	83,600

Notes to Exhibit 2c (short sale)

1. The data shown are for illustrative purpose. The figures will vary for actual short sales.
2. The covered loss is the difference between the gross balance recoverable by Purchaser and the total cash recovery. There are two methods of calculation for covered losses from short sales, depending upon the circumstances. They are shown below:
 - a. If the loan was restructured when the Loss Share agreement was in place, and then the short sale occurred, use Exhibit 2c(2). This version uses the Net Present Value (NPV) of the modified loan as the starting point for the covered loss.
 - b. Otherwise, use Exhibit 2c(1). This version uses the unpaid balance of the loan as of the last payment as the starting point for the covered loss.
3. For Exhibit 2c(1), the gross balance recoverable by the purchaser is calculated as the sum of lines 12 – 17; it is shown in line 18. For Exhibit 2a(2), the gross balance recoverable by the purchaser is calculated as line 11 minus line 12 plus lines 13 – 16; it is shown in line 17.
4. For Exhibit 2c(1), the total cash recovery is calculated as the sum of lines 19 – 21; it is shown in line 22. For Exhibit 2c(2), the total cash recovery is calculated as the sum of lines 18 – 20; it is shown in line 21.
5. Reasonable and customary third party attorney's fees and expenses incurred by or on behalf of Assuming Institution in connection with any enforcement procedures, or otherwise with respect to such loan, are reported under Attorney's fees.
6. Do not include late fees, prepayment penalties, or any similar lender fees or charges by the Failed Bank or Assuming Institution to the loan account, any allocation of Assuming Institution's servicing costs, or any allocations of Assuming Institution's general and administrative (G&A) or other operating costs.
7. If Exhibit 2c(2) is used, then no accrued interest may be included as a covered loss. Otherwise, the amount of accrued interest that may be included as a covered loss is limited to the minimum of:
 - d. 90 days
 - e. The number of days that the loan is delinquent when the property was sold
 - f. The number of days between the resolution date and the date when the property was sold

To calculate accrued interest, apply the note interest rate that would have been in effect if the loan were performing to the principal balance after application of the last payment made by the borrower.

Exhibit 2d

Shared-Loss Month:		[input month]	
Loan no.:		[input loan no.]	
NOTE			
The calculation of recovery on a loan for which a Restructuring Loss has been paid will only apply if the loan is sold.			
<u>EXAMPLE CALCULATION</u>			
<u>Restructuring Loss Information</u>			
Loan principal balance before restructuring		\$ 200,000	A
NPV, restructured loan		<u>165,000</u>	B
Loss on restructured loan		\$ 35,000	A – B
Times FDIC applicable loss share % (80% or 95%)		80%	
Loss share payment to purchaser		\$ 28,000	C
<u>Calculation – Recovery amount due to Receiver</u>			
Loan sales price		\$ 190,000	
NPV of restructured loan at mod date		<u>165,000</u>	
Gain - step 1		<u>25,000</u>	D
PLUS			
Loan UPB after restructuring	(1)	200,000	
Loan UPB at liquidation date		<u>192,000</u>	
Gain - step 2 (principal collections after restructuring)		<u>8,000</u>	E
Recovery amount		33,000	D + E
Times FDIC loss share %		80%	
Recovery due to FDIC		\$ 26,400	F
Net loss share paid to purchaser (C – F)		\$ 1,600	
<u>Proof Calculation</u>	(2)		
Loan principal balance		<u>\$ 200,000</u>	G
Principal collections on loan		8,000	
Sales price for loan		<u>190,000</u>	
Total collections on loan		<u>198,000</u>	H
Net loss on loan		\$ 2,000	G – H
Times FDIC applicable loss share % (80% or 95%)		80%	
Loss share payment to purchaser		\$ 1,600	
<p>(1) This example assumes that the FDIC loan modification program as shown in Exhibit 5 is applied and the loan restructuring does not result in a reduction in the loan principal balance due from the borrower.</p> <p>(2) This proof calculation is provided to illustrate the concept and the Assuming Institution is not required to provide this with its Recovery calculations.</p>			

Exhibit 3
Portfolio Performance and Summary Schedule

SHARED-LOSS LOANS				
PORTFOLIO PERFORMANCE AND SUMMARY SCHEDULE				
MONTH ENDED:	[input report month]			
<u>POOL SUMMARY</u>				
	<u>#</u>	<u>\$</u>		
Loans at Sale Date	<u>XX</u>	<u>XX</u>		
Loans as of this month-end	<u>XX</u>	<u>XX</u>		
<u>STATED THRESHOLD TRACKING</u>	<u>#</u>	<u>\$</u>		
Stated Threshold amount				A
Cumulative loss payments, prior month				
Loss payment for current month				
Cumulative loss payment, this month				
Cumulative Commercial & Other Loans Net Charge-Offs				
				B
Remaining to Stated Threshold				A - B
				Percent of Total
<u>PORTFOLIO PERFORMANCE STATUS</u>	<u>#</u>	<u>\$</u>		<u>#</u>
Current				
30 – 59 days past due				
60 – 89 days past due				
90 – 119 days past due				
120 and over days past due				
In foreclosure				
ORE				
Total				
<u>Memo Item:</u>				
Loans in process of restructuring – total				
Loans in bankruptcy				
<u>Loans in process of restructuring by delinquency status</u>				
Current				
30 - 59 days past due				
60 - 89 days past due				
90 - 119 days past due				
120 and over days past due In foreclosure				
Total				

List of Loans Paid Off During Month				
<u>Loan #</u>	<u>Principal Balance</u>			
List of Loans Sold During Month				
<u>Loan #</u>	<u>Principal Balance</u>			

Exhibit 4
Wire Transfer Instructions

PURCHASER WIRING INSTRUCTIONS

BANK RECEIVING WIRE	
9 DIGIT ABA ROUTING NUMBER	
ACCOUNT NUMBER	
NAME OF ACCOUNT	
ATTENTION TO WHOM	
PURPOSE OF WIRE	
FDIC RECEIVER WIRING INSTRUCTIONS	
BANK RECEIVING WIRE	
SHORT NAME	
ADDRESS OF BANK RECEIVING WIRE	
9 DIGIT ABA ROUTING NUMBER	
ACCOUNT NUMBER	
NAME OF ACCOUNT	
ATTENTION TO WHOM	
PURPOSE OF WIRE	

EXHIBIT 5

FDIC MORTGAGE LOAN MODIFICATION PROGRAM

Objective

The objective of this FDIC Mortgage Loan Modification Program (“Program”) is to modify the terms of certain residential mortgage loans so as to improve affordability, increase the probability of performance, allow borrowers to remain in their homes and increase the value of the loans to the FDIC and assignees. The Program provides for the modification of Qualifying Loans (as defined below) by reducing the borrower’s monthly housing debt to income ratio (“DTI Ratio”) to no more than 31% at the time of the modification and eliminating adjustable interest rate and negative amortization features.

Qualifying Mortgage Loans

In order for a mortgage loan to be a Qualifying Loan it must meet all of the following criteria, which must be confirmed by the lender:

- The collateral securing the mortgage loan is owner-occupied and the owner’s primary residence; and
- The mortgagor has a first priority lien on the collateral; and
- Either the borrower is at least 60 days delinquent or a default is reasonably foreseeable.

Modification Process

The lender shall undertake a review of its mortgage loan portfolio to identify Qualifying Loans. For each Qualifying Loan, the lender shall determine the net present value of the modified loan and, if it will exceed the net present value of the foreclosed collateral upon disposition, then the Qualifying Loan shall be modified so as to reduce the borrower’s monthly DTI Ratio to no more than 31% at the time of the modification. To achieve this, the lender shall use a combination of interest rate reduction, term extension and principal forbearance, as necessary.

The borrower’s monthly DTI Ratio shall be a percentage calculated by dividing the borrower’s monthly income by the borrower’s monthly housing payment (including principal, interest, taxes and insurance). For these purposes, (1) the borrower’s monthly income shall be the amount of the borrower’s (along with any co-borrowers’) documented and verified gross monthly income, and (2) the borrower’s monthly housing payment shall be the amount required to pay monthly principal and interest plus one-twelfth of the then current annual amount required to pay real property taxes and homeowner’s insurance with respect to the collateral.

In order to calculate the monthly principal payment, the lender shall capitalize to the outstanding principal balance of the Qualifying Loan the amount of all delinquent interest, delinquent taxes, past due insurance premiums, third party fees and (without duplication) escrow advances (such amount, the “Capitalized Balance”).

In order to achieve the goal of reducing the DTI Ratio to 31%, the lender shall take the following steps in the following order of priority with respect to each Qualifying Loan:

1. Reduce the interest rate to the then current Freddie Mac Survey Rate for 30-year fixed rate mortgage loans, and adjust the term to 30 years.
2. If the DTI Ratio is still in excess of 31%, reduce the interest rate further, but no lower than 3%, until the DTI ratio of 31% is achieved.
3. If the DTI Ratio is still in excess of 31% after adjusting the interest rate to 3%, extend the remaining term of the loan by 10 years.
4. If the DTI Ratio is still in excess of 31%, calculate a new monthly payment (the "Adjusted Payment Amount") that will result in the borrower's monthly DTI Ratio not exceeding 31%. After calculating the Adjusted Payment Amount, the lender shall bifurcate the Capitalized Balance into two portions – the amortizing portion and the non-amortizing portion. The amortizing portion of the Capitalized Balance shall be the mortgage amount that will fully amortize over a 40-year term at an annual interest rate of 3% and monthly payments equal to the Adjusted Payment Amount. The non-amortizing portion of the Capitalized Balance shall be the difference between the Capitalized Balance and the amortizing portion of the Capitalized Balance. If the amortizing portion of the Capitalized Balance is less than 75% of the current estimated value of the collateral, then the lender may choose not to restructure the loan. If the lender chooses to restructure the loan, then the lender shall forbear on collecting the non-amortizing portion of the Capitalized Balance, and such amount shall be due and payable only upon the earlier of (i) maturity of the modified loan, (ii) a sale of the property or (iii) a pay-off or refinancing of the loan. No interest shall be charged on the non-amortizing portion of the Capitalized Balance, but repayment shall be secured by a first lien on the collateral.

Special Note:

The net present value calculation used to determine whether a loan should be modified based on the modification process above is distinct and different from the net present value calculation used to determine the covered loss if the loan is modified. Please refer only to the net present value calculation described in this exhibit for the modification process, with its separate assumptions, when determining whether to provide a modification to a borrower. Separate assumptions may include, without limitation, Assuming Institution's determination of a probability of default without modification, a probability of default with modification, home price forecasts, prepayment speeds, and event timing. These assumptions are applied to different projected cash flows over the term of the loan, such as the projected cash flow of the loan performing or defaulting without modification and the projected cash flow of the loan performing or defaulting with modification.

By contrast, the net present value for determining the covered loss is based on a 10 year period. While the assumptions in the net present value calculation used in the modification process may change, the net present value calculation for determining the covered loss remains constant.

EXHIBIT 4.15B

COMMERCIAL AND OTHER ASSETS SHARED-LOSS AGREEMENT

This agreement for reimbursement of loss sharing expenses on certain loans and other assets (the “Commercial Shared-Loss Agreement”) shall apply when the Assuming Institution purchases Shared-Loss Assets as that term is defined herein. The terms hereof shall modify and supplement, as necessary, the terms of the Purchase and Assumption Agreement to which this Commercial Shared-Loss Agreement is attached as Exhibit 4.15B and incorporated therein. To the extent any inconsistencies may arise between the terms of the Purchase and Assumption Agreement and this Commercial Shared-Loss Agreement with respect to the subject matter of this Commercial Shared-Loss Agreement, the terms of this Commercial Shared-Loss Agreement shall control. References in this Commercial Shared-Loss Agreement to a particular Section shall be deemed to refer to a Section in this Commercial Shared-Loss Agreement unless the context indicates that a Section of the Purchase and Assumption Agreement is intended.

ARTICLE I -- DEFINITIONS

Capitalized terms used in this Commercial Shared-Loss Agreement that are not defined in this Commercial Shared-Loss Agreement are defined in the Purchase and Assumption Agreement. In addition to the terms defined above, defined below are certain additional terms relating to loss-sharing, as used in this Commercial Shared-Loss Agreement.

“**AAA**” means the American Arbitration Association as provided in Section 2.1(f)(iii) of this Commercial Shared-Loss Agreement.

“**Accrued Interest**” means, with respect to any Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance at any time, the amount of earned and unpaid interest, taxes, credit life and/or disability insurance premiums (if any) payable by the Obligor accrued on or with respect to such Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance, all as reflected on the Accounting Records of the Failed Bank or the Assuming Institution (as applicable); provided, that Accrued Interest shall not include any amount that accrues on or with respect to any Shared-Loss Loan, Permitted Advance or Shared-Loss Loan Commitment Advance after that Asset has been placed on non-accrual or nonperforming status by either the Failed Bank or the Assuming Institution (as applicable).

“**Additional ORE**” means Shared-Loss Loans that become Other Real Estate after Bank Closing Date.

“**Affiliate**” shall have the meaning set forth in the Purchase and Assumption Agreement; provided, that, for purposes of this Commercial Shared-Loss Agreement, no Third Party Servicer shall be deemed to be an Affiliate of the Assuming Institution.

“**Applicable Anniversary of the Commencement Date**” means the fifth (5th) anniversary of the Commencement Date.

“Calendar Quarter” means a quarterly period (a) for the first such period, beginning on the Commencement Date and ending on the last calendar day of either March, June, September or December, whichever is the first to occur after the Commencement Date, and (b) for quarterly periods thereafter, beginning on the first calendar day of the calendar month immediately after the month that ended the prior period and ending on the last calendar day of each successive three-calendar-month period thereafter (i.e., each March, June, September and December, starting in the applicable order depending on the ending date of first such period) of any year.

“Capitalized Expenditures” means those expenditures that (i) would be capitalized under generally accepted accounting principles, and (ii) are incurred with respect to Shared-Loss Loans, Other Real Estate, Additional ORE or Subsidiary ORE. Capitalized Expenditures shall not include expenses related to environmental conditions including, but not limited to, remediation, storage or disposal of any hazardous or toxic substances or any pollutant or contaminant.

“Charge-Offs” means, with respect to any Shared-Loss Assets for any period, an amount equal to the aggregate amount of loans or portions of loans classified as “Loss” under the Examination Criteria, including (a) charge-offs of (i) the principal amount of such assets net of unearned interest (including write-downs associated with Other Real Estate, Additional ORE, Subsidiary ORE or loan modification(s)) (ii) Accrued Interest, and (iii) Capitalized Expenditures plus (b) Pre-Charge-Off Expenses incurred on the respective Shared-Loss Loans, all as effected by the Assuming Institution during such period and reflected on the Accounting Records of the Assuming Institution; provided, that: (i) the aggregate amount of Accrued Interest (including any reversals thereof) for the period after Bank Closing that shall be included in determining the amount of Charge-Offs for any Shared-Loss Loan shall not exceed ninety (90) days’ Accrued Interest; (ii) no Charge-Off shall be taken with respect to any anticipated expenditure by the Assuming Institution until such expenditure is actually incurred; (iii) any financial statement adjustments made in connection with the purchase of any Assets pursuant to this Purchase and Assumption Agreement or any future purchase, merger, consolidation or other acquisition of the Assuming Institution shall not constitute “Charge-Offs”; and (iv) except for Portfolio Sales or any other sales or dispositions consented to by the Receiver, losses incurred on the sale or other disposition of Shared-Loss Assets to any Person (other than the sale or other disposition of Other Real Estate, Additional ORE or Subsidiary ORE to a Person other than an Affiliate of the Assuming Institution which is conducted in a commercially reasonable and prudent manner) shall not constitute Charge-Offs.

“Commencement Date” means the first calendar day following Bank Closing.

“Consumer Loans” means Loans to individuals for household, family and other personal expenditures (including United States and/or State-guaranteed student loans and extensions of credit pursuant to a credit card plan or debit card plan).

“Cumulative Servicing Amount” means the sum of the Period Servicing Amounts for every consecutive twelve-month period prior to and ending on the True-Up

Measurement Date in respect of each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement is in effect.

“Cumulative Shared-Loss Payments” means (i) the aggregate of all of the payments made or payable to the Assuming Institution under the Shared-Loss Agreements minus (ii) the aggregate of all of the payments made or payable to the Receiver under the Shared-Loss Agreements.

“Environmental Assessment” means an assessment of the presence, storage or release of any hazardous or toxic substance, pollutant or contaminant with respect to the collateral securing a Shared-Loss Loan that has been fully or partially charged off.

“Examination Criteria” means the loan classification criteria employed by, or any applicable regulations of, the Assuming Institution’s Chartering Authority at the time such action is taken, as such criteria may be amended from time to time.

“Failed Bank Charge-Offs/Write-Downs” means, with respect to any Shared-Loss Asset, an amount equal to the aggregate amount of reversals or charge-offs of Accrued Interest and charge-offs and write-downs of principal effected by the Failed Bank with respect to that Shared-Loss Asset as reflected on the Accounting Records of the Failed Bank.

“Fair Value” means the value of a Shared Loss MTM Asset as stated on the books and records of the Failed Bank as of Bank Closing, inclusive of all adjustments.

“FDIC Party” has the meaning provided in Section 2.1(f)(ii) of this Commercial Shared-Loss Agreement.

“Net Charge-Offs” means, with respect to any period, an amount equal to the aggregate amount of Charge-Offs for such period less the amount of Recoveries for such period.

“Neutral Member” has the meaning provided in Section 2.1(f)(ii) of this Commercial Shared-Loss Agreement.

“New Shared-Loss Loans” means loans that would otherwise be subject to loss sharing under this Commercial Shared-Loss Agreement that were originated after Bid Valuation Date and before Bank Closing.

“Notice of Dispute” has the meaning provided in Section 2.1(f)(iii) of this Commercial Shared-Loss Agreement.

“ORE Subsidiary” means any Subsidiary of the Assuming Institution that engages solely in holding, servicing, managing or liquidating interests of a type described in clause (A) of the definition of “Other Real Estate,” which interests have arisen from the collection or settlement of a Shared-Loss Loan.

“Other Real Estate” means all of the following (including any of the following fully or partially charged off the books and records of the Failed Bank or the Assuming

Institution) that (i) are owned by the Failed Bank as of Bank Closing and are purchased pursuant to the Purchase and Assumption Agreement or (ii) have arisen subsequent to Bank Closing from the collection or settlement by the Assuming Institution of a Shared-Loss Loan:

(A) all interests in real estate (other than Bank Premises and Fixtures), including but not limited to mineral rights, leasehold rights, condominium and cooperative interests, air rights and development rights; and

(B) all other assets (whether real or personal property) acquired by foreclosure or in full or partial satisfaction of judgments or indebtedness.

“Period Servicing Amount” means, for any twelve month period with respect to each of the Shared-Loss Agreements during which the loss-sharing provisions of the applicable Shared-Loss Agreement are in effect, the product of (i) the simple average of the principal amount of Shared-Loss Loans and Shared-Loss Assets (other than the Shared-Loss Securities) (in each case as defined in the Shared-Loss Agreements), as the case may be, at the beginning of such period and at the end of such period times (ii) one percent (1%).

“Permitted Advance” means an advance of funds by the Assuming Institution with respect to a Shared-Loss Loan, or the making of a legally binding commitment by the Assuming Institution to advance funds with respect to a Shared-Loss Loan, that (i) in the case of such an advance, is actually made, and, in the case of such a commitment, is made and all of the proceeds thereof actually advanced, within one (1) year after the Commencement Date, (ii) does not cause the sum of (A) the book value of such Shared-Loss Loan as reflected on the Accounting Records of the Assuming Institution after any such advance has been made by the Assuming Institution plus (B) the unfunded amount of any such commitment made by the Assuming Institution related thereto, to exceed 110% of the Book Value of such Shared-Loss Loan, (iii) is not made with respect to a Shared-Loss Loan with respect to which (A) there exists a related Shared-Loss Loan Commitment or (B) the Assuming Institution has taken a Charge-Off and (iv) is made in good faith, is supported at the time it is made by documentation in the Credit Files and conforms to and is in accordance with the applicable requirements set forth in Article III of this Commercial Shared-Loss Agreement and with the then effective written internal credit policy guidelines of the Assuming Institution; provided, that the limitations in subparagraphs (i), (ii) and (iii) of this definition shall not apply to any such action (other than to an advance or commitment related to the remediation, storage or final disposal of any hazardous or toxic substance, pollutant or contaminant) that is taken by Assuming Institution in its reasonable discretion to preserve or secure the value of the collateral for such Shared-Loss Loan.

“Permitted Amendment” means, with respect to any Shared-Loss Loan Commitment or Shared-Loss Loan, any amendment, modification, renewal or extension thereof, or any waiver of any term, right, or remedy thereunder, made by the Assuming Institution in good faith and otherwise in accordance with the applicable requirements set forth in Article III of this Commercial Shared-Loss Agreement and the then effective written internal credit policy guidelines of the Assuming Institution; provided, that:

(i) with respect to a Shared-Loss Loan Commitment or a Shared-Loss Loan that is not a

revolving line of credit, no such amendment, modification, renewal, extension, or waiver, except as allowed under the definition of Permitted Advance, shall operate to increase the amount of principal (A) then remaining available to be advanced by the Assuming Institution under the Shared-Loss Loan Commitment or (B) then outstanding under the Shared-Loss Loan;

(ii) with respect to a Shared-Loss Loan Commitment or a Shared-Loss Loan that is a revolving line of credit, no such amendment, modification, renewal, extension, or waiver, except as allowed under the definition of Permitted Advance, shall operate to increase the maximum amount of principal authorized as of Bank Closing to be outstanding at any one time under the underlying revolving line of credit relationship with the debtor (regardless of the extent to which such revolving line of credit may have been funded as of Bank Closing or may subsequently have been funded and/or repaid); and

(iii) no such amendment, modification, renewal, extension or waiver shall extend the term of such Shared-Loss Loan Commitment or Shared-Loss Loan beyond the end of the final Shared-Loss Quarter unless the term of such Shared-Loss Loan Commitment or Shared-Loss Loan as existed on Bank Closing was beyond the end of the final Shared-Loss Quarter, in which event no such amendment, modification, renewal, extension or waiver shall extend such term beyond the term as existed as of Bank Closing.

“Pre-Charge-Off Expenses” means those expenses incurred in the usual and prudent management of a Shared-Loss Loan that would qualify as a Reimbursable Expense or Recovery Expense if incurred after a Charge-Off of the related Shared-Loss Asset had occurred.

“Quarterly Certificate” has the meaning provided in Section 2.1(a)(i) of this Commercial Shared-Loss Agreement.

“Recoveries” (I)(A) In addition to any sums to be applied as Recoveries pursuant to subparagraph (II) below, “Recoveries” means, with respect to any period, the sum of (without duplication):

(i) the amount of collections during such period by the Assuming Institution on Charge-Offs of Shared-Loss Assets effected by the Assuming Institution prior to the end of the final Shared-Loss Quarter; plus

(ii) the amount of collections during such period by the Assuming Institution on Failed Bank Charge-Offs/Write-Downs; plus

(iii) the amount of gain on any sale or other disposition during such period by the Assuming Institution of Shared Loss Loans, Other Real Estate, Additional ORE or Subsidiary ORE (provided, that the amount of any such gain included in Recoveries shall not exceed the aggregate amount of the related Failed Bank Charge-Offs/Write-Downs and Charge-Offs taken and any related Reimbursable Expenses and Recovery Expenses); plus

(iv) the amount of collections during such period by the Assuming Institution of any Reimbursable Expenses or Recovery Expenses; plus

(v) the amount of any fee or other consideration received by the Assuming Institution during or prior to such period in connection with any amendment, modification, renewal, extension, refinance, restructure, commitment or other similar action taken by the Assuming Institution with respect to a Shared-Loss Asset with respect to which there exists a Failed Bank Charge-Off/Write-Down or a Shared-Loss Loan as to which a Charge-Off has been effected by the Assuming Institution during or prior to such period (provided, that the amount of any such fee or other consideration included in Recoveries shall not exceed the aggregate amount of the related Failed Bank Charge-Offs/Write-Downs and Charge-Offs taken and any related Reimbursable Expenses and Recovery Expenses).

(I)(B) For the purpose of determining the amounts to be applied as Recoveries pursuant to subparagraph (I)(A) above, the Assuming Institution shall apply amounts received on the Assets that are not otherwise applied to reduce the book value of principal of a Shared-Loss Loan (or, in the case of Other Real Estate, Additional ORE, Subsidiary ORE and Capitalized Expenditures, that are not otherwise applied to reduce the book value thereof) in the following order: first to Charge-Offs and Failed Bank Charge-Offs/Write Downs; then to Reimbursable Expenses and Recovery Expenses; then to interest income; and then to other expenses incurred by the Assuming Institution.

(II) If there occurs an amendment, modification, renewal, extension, refinance, restructure, commitment, sale or other similar action with respect to a Shared-Loss Loan as to which there exists a Failed Bank Charge-Off/Write Down or as to which a Charge-Off has been effected by the Assuming Institution during or prior to such period, and if, as a result of such occurrence, the Assuming Institution recognizes any interest income for financial accounting purposes on that Shared-Loss Loan, then “Recoveries” shall also include the portion of the total amount of any such interest income recognized by the Assuming Institution which is derived by multiplying:

(A) the total amount of any such interest income recognized by the Assuming Institution during such period with respect to that Shared-Loss Loan as described above, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Institution with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) immediately above was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

provided, however, that the amount of any interest income included as Recoveries for a particular Shared-Loss Loan shall not exceed the aggregate amount of (a) Failed Bank Charge-Offs/Write-Downs, (b) Charge-Offs effected by the Assuming Institution during or prior to the

period in which the amount of Recoveries is being determined, plus (c) any Reimbursable Expenses and Recovery Expenses paid to the Assuming Institution pursuant to this Commercial Shared-Loss Agreement during or prior to the period in which the amount of Recoveries is being determined, all with respect to that particular Shared-Loss Loan; and, provided, further, that any collections on any such Shared-Loss Loan that are not applied to reduce book value of principal or recognized as interest income shall be applied pursuant to subparagraph (I) above.

(III) Notwithstanding subparagraphs (I) and (II) above, the term “Recoveries” shall not include: (a) any amounts paid to the Assuming Institution by the Receiver pursuant to Section 2.1 of this Commercial Shared-Loss Agreement, (b) amounts received with respect to Charge-Offs effected by the Assuming Institution after the final Shared-Loss Quarter, (c) after the final Shared-Loss Quarter, income received by the Assuming Institution from the operation of, and any gains recognized by the Assuming Institution on the disposition of, Other Real Estate, Additional ORE or Subsidiary ORE (such income and gains being hereinafter together referred to as “ORE Income”), except to the extent that aggregate ORE Income exceeds the aggregate expenses paid to third parties by or on behalf of the Assuming Institution after the final Shared-Loss Quarter to manage, operate and maintain Other Real Estate, Additional ORE or Subsidiary ORE (such expenses being hereinafter referred to as “ORE Expenses”). In determining the extent aggregate ORE Income exceeds aggregate ORE Expenses for any Recovery Quarter as set forth immediately above in subparagraph (c), the Assuming Institution will subtract (i) ORE Expenses paid to third parties during such Recovery Quarter (provided, that, in the case of the final Recovery Quarter only, the Assuming Institution will subtract ORE Expenses paid to third parties from the beginning of the final Recovery Quarter up to the date the Assuming Institution is required to deliver the final Quarterly Certificate pursuant to this Commercial Shared-Loss Agreement) from (ii) ORE Income received during such Recovery Quarter, to calculate net ORE income (“Net ORE Income”) for that Recovery Quarter. If the amount of Net ORE Income so calculated for a Recovery Quarter is positive, such amount shall be reported as Recoveries on the Quarterly Certificate for such Recovery Quarter. If the amount of Net ORE Income so calculated for a Recovery Quarter is negative (“Net ORE Loss Carryforward”), such amount shall be added to any ORE Expenses paid to third parties in the next succeeding Recovery Quarter, which sum shall then be subtracted from ORE Income for that next succeeding Recovery Quarter, for the purpose of determining the amount of Net ORE Income (or, if applicable, Net ORE Loss Carryforward) for that next succeeding Recovery Quarter. If, as of the end of the final Recovery Quarter, a Net ORE Loss Carryforward exists, then the amount of the Net ORE Loss Carryforward that does not exceed the aggregate amount of Net ORE Income reported as Recoveries on Quarterly Certificates for all Recovery Quarters may be included as a Recovery Expense on the Quarterly Certificate for the final Recovery Quarter.

“Recovery Amount” has the meaning provided in Section 2.1(b)(ii) of this Commercial Shared-Loss Agreement.

“Recovery Expenses” means, for any Recovery Quarter, the amount of actual, reasonable and necessary out-of-pocket expenses (other than Capitalized Expenditures) paid to third parties (other than Affiliates of the Assuming Institution) by or on behalf of the Assuming Institution, as limited by Sections 3.2(c) and (d) of Article III to this Commercial Shared-Loss Agreement, to recover amounts owed with respect to (i) any Shared-Loss Asset as to which a

Charge-Off was effected prior to the end of the final Shared-Loss Quarter (provided that such amounts were incurred no earlier than the date the first Charge-Off on such Shared-Loss Asset could have been reflected on the Accounting Records of the Assuming Institution), and (ii) Failed Bank Charge-Offs/Write-Downs (including, in each case, all costs and expenses related to an Environmental Assessment and any other costs or expenses related to any environmental conditions with respect to the Shared-Loss Assets (it being understood that any remediation expenses for any such pollutant or contaminant are not recoverable if in excess of \$200,000 per Shared-Loss Asset, without the Assuming Institution having obtained the prior consent of the Receiver for such expenses); provided, that, so long as income with respect to a Shared-Loss Loan is being prorated pursuant to the arithmetical formula in subsection (II) of the definition of “Recoveries”, the term “Recovery Expenses” shall not include that portion of any such expenses paid during such Recovery Quarter to recover any amounts owed on that Shared-Loss Loan that is derived by:

subtracting (1) the product derived by multiplying:

(A) the total amount of any such expenses paid by or on behalf of the Assuming Institution during such Recovery Quarter with respect to that Shared-Loss Loan, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Institution with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) of the definition of “Recoveries” was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

from (2) the total amount of any such expenses paid during that Recovery Quarter with respect to that Shared-Loss Loan.

“Recovery Quarter” has the meaning provided in Section 2.1(a)(ii) of this Commercial Shared-Loss Agreement.

“Reimbursable Expenses” means, for any Shared-Loss Quarter, the amount of actual, reasonable and necessary out-of-pocket expenses (other than Capitalized Expenditures), paid to third parties (other than Affiliates of the Assuming Institution) by or on behalf of the Assuming Institution, as limited by Sections 3.2(c) and (d) of Article III of this Commercial Shared-Loss Agreement, to:

(i) recover amounts owed with respect to any Shared-Loss Asset as to which a Charge-Off has been effected prior to the end of the final Shared-Loss Quarter (provided that

such amounts were incurred no earlier than the date the first Charge-Off on such Shared-Loss Asset could have been reflected on the Accounting Records of the Assuming Institution) and recover amounts owed with respect to Failed Bank Charge-Offs/Write-Downs (including, in each case, all costs and expenses related to an Environmental Assessment and any other costs or expenses related to any environmental conditions with respect to the Shared-Loss Assets (it being understood that any such remediation expenses for any such pollutant or contaminant are not recoverable if in excess of \$200,000 per Shared-Loss Asset, without the Assuming Institution having obtained the prior consent of the Receiver for such expenses); provided, that, so long as income with respect to a Shared-Loss Loan is being pro-rated pursuant to the arithmetical formula in subsection (II) of the definition of “Recoveries”, the term “Reimbursable Expenses” shall not include that portion of any such expenses paid during such Shared-Loss Quarter to recover any amounts owed on that Shared-Loss Loan that is derived by:

subtracting (1) the product derived by multiplying:

(A) the total amount of any such expenses paid by or on behalf of the Assuming Institution during such Shared-Loss Quarter with respect to that Shared-Loss Loan, by

(B) a fraction, the numerator of which is the aggregate principal amount (excluding reversals or charge-offs of Accrued Interest) of all such Failed Bank Charge-Offs/Write-Downs and Charge-Offs effected by the Assuming Institution with respect to that Shared-Loss Loan plus the principal amount of that Shared-Loss Loan that has not yet been charged-off but has been placed on nonaccrual status, all of which occurred at any time prior to or during the period in which the interest income referred to in subparagraph (II)(A) of the definition of “Recoveries” was recognized, and the denominator of which is the total amount of principal indebtedness (including all such prior Failed Bank Charge-Offs/Write-Downs and Charge-Offs as described above) due from the Obligor on that Shared-Loss Loan as of the end of such period;

from (2) the total amount of any such expenses paid during that Shared-Loss Quarter with respect to that Shared-Loss Loan; and

(ii) manage, operate or maintain Other Real Estate, Additional ORE or Subsidiary ORE less the amount of any income received by the Assuming Institution during such Shared-Loss Quarter with respect to such Other Real Estate, Additional ORE or Subsidiary ORE (which resulting amount under this clause (ii) may be negative).

“Review Board” has the meaning provided in Section 2.1(f)(i) of this Commercial Shared-Loss Agreement.

“Shared-Loss Amount” has the meaning provided in Section 2.1(b)(i) of this Commercial Shared-Loss Agreement.

“Shared-Loss Asset Repurchase Price” means, with respect to any Shared-Loss

Asset, the principal amount thereof plus any other fees or penalties due from an Obligor (including, subject to the limitations discussed below, the amount of any Accrued Interest) stated on the Accounting Records of the Assuming Institution, as of the date as of which the Shared-Loss Asset Repurchase Price is being determined (regardless, in the case of a Shared-Loss Loan, of the Legal Balance thereof) plus all Reimbursable Expenses and Recovery Expenses incurred up to and through the date of consummation of purchase of such Shared-Loss Asset; provided, that (i) in the case of a Shared-Loss Loan there shall be excluded from such amount the amount of any Accrued Interest accrued on or with respect to such Shared-Loss Loan prior to the ninety (90)-day period ending on the day prior to the purchase date determined pursuant to Sections 2.1(e)(i) or 2.1(e)(iii) of this Commercial Shared-Loss Agreement, except to the extent such Accrued Interest was included in the Book Value of such Shared-Loss Loan, and (ii) any collections on a Shared-Loss Loan received by the Assuming Institution after the purchase date applicable to such Shared-Loss Loan shall be applied (without duplication) to reduce the Shared-Loss Asset Repurchase Price of such Shared-Loss Loan on a dollar-for-dollar basis. For purposes of determining the amount of unpaid interest which accrued during a given period with respect to a variable-rate Shared-Loss Loan, all collections of interest shall be deemed to be applied to unpaid interest in the chronological order in which such interest accrued.

“Shared-Loss Assets” means Shared-Loss Loans, Other Real Estate purchased by the Assuming Institution, Additional ORE, Subsidiary ORE and Capitalized Expenditures, but does not include Shared Loss MTM Assets.

“Shared-Loss Loan Commitment” means:

(i) any Commitment to make a further extension of credit or to make a further advance with respect to an existing Shared-Loss Loan; and

(ii) any Shared-Loss Loan Commitment (described in subparagraph (i) immediately preceding) with respect to which the Assuming Institution has made a Permitted Amendment.

“Shared-Loss Loan Commitment Advance” means an advance pursuant to a Shared-Loss Loan Commitment with respect to which the Assuming Institution has not made a Permitted Advance.

“Shared-Loss Loans” means:

(i)(A) Loans purchased by the Assuming Institution pursuant to the Purchase and Assumption Agreement set forth on Exhibit 4.15(b) to the Purchase and Assumption Agreement, (B) New Shared-Loss Loans purchased by the Assuming Institution pursuant to the Purchase and Assumption Agreement, (C) Permitted Advances and (D) Shared-Loss Loan Commitment Advances, if any; provided, that Shared-Loss Loans shall not include Loans, New Shared-Loss Loans, Permitted Advances and Shared-Loss Loan Commitment Advances with respect to which an Acquired Subsidiary, or a constituent Subsidiary thereof, is an Obligor; (E) Loans owned by any Subsidiary which are not Shared-Loss Loans under the Single Family Shared-Loss Agreement; and (F) Consumer Loans; and

(ii) any Shared-Loss Loans (described in subparagraph (i) immediately preceding) with respect to which the Assuming Institution has made a Permitted Amendment.

“Shared-Loss MTM Assets” means those securities and other assets listed on Exhibit 4.15(C).

“Shared-Loss Payment Trigger” means when the sum of the Cumulative Loss Amount under the Single Family Shared-Loss Agreement and the cumulative Net Charge-Offs under this Commercial Shared-Loss Agreement, exceeds the First Loss Tranche. If the First Loss Tranche is zero or a negative number, the Shared-Loss Payment Trigger shall be deemed to have been reached upon Bank Closing.

“Shared-Loss Quarter” has the meaning provided in Section 2.1(a)(i) of this Commercial Shared-Loss Agreement.

“Stated Threshold” means total losses under the shared loss agreements in the amount of \$1,007,000,000. The Stated Threshold shall be adjusted for each Asset repurchased by the Receiver by decreasing the Stated Threshold by an amount equal to the Book Value of the Asset multiplied by the appropriate Stated Threshold Percentage reflected on the attached Schedule 1 based on how that Asset was shown and coded on the books and records of the Failed Bank as of the Bid Valuation Date.

“Subsidiary ORE” means all assets owned by ORE Subsidiaries that would constitute Additional ORE if such assets were on the books of the Assuming Institution.

“Termination Date” means the eighth (8th) anniversary of the Commencement Date.

“Third Party Servicer” means any servicer appointed from time to time by the Assuming Institution or any Affiliate of the Assuming Institution to service the Shared-Loss Assets on behalf of the Assuming Institution, the identity of which shall be given to the Receiver prior to or concurrent with the appointment thereof.

ARTICLE II -- SHARED-LOSS ARRANGEMENT

2.1 Shared-Loss Arrangement.

(a) **Quarterly Certificates.** (i) Not later than thirty (30) days after the end of each Calendar Quarter from and including the initial Calendar Quarter to and including the Calendar Quarter in which the Applicable Anniversary of the Commencement Date falls (each of such Calendar Quarters being referred to herein as a “Shared-Loss Quarter”), the Assuming Institution shall deliver to the Receiver a certificate, signed by the Assuming Institution’s chief executive officer and its chief financial officer, setting forth in such form and detail as the Receiver may specify (a “Quarterly Certificate”):

(A) the amount of Charge-Offs, the amount of Recoveries and the

amount of Net Charge-Offs (which amount may be negative) during such Shared-Loss Quarter with respect to the Shared-Loss Assets (and for Recoveries, with respect to the Assets for which a charge-off was effected by the Failed Bank prior to Bank Closing); and

(B) the aggregate amount of Reimbursable Expenses (which amount may be negative) during such Shared-Loss Quarter; and

(C) net realized loss on the Shared Loss MTM Assets determined pursuant to FAS 115, expressed as a positive number (MTM Net Realized Loss), or net realized gain on the Shared Loss MTM assets, expressed as a negative number (MTM Net Realized Gain); and

(D) any other than temporary impairment of the Shared Loss MTM Assets, determined pursuant to FAS 115, expressed as a positive number (“OTTI Loss”) or reversals of OTTI Loss, expressed as a negative number (for the avoidance of doubt, normal and customary unrealized mark-to-market changes by reason of the application of fair value accounting do not qualify for loss sharing payments).

(ii) Not later than thirty (30) days after the end of each Calendar Quarter from and including the first Calendar Quarter following the final Shared-Loss Quarter to and including the Calendar Quarter in which the Termination Date falls (each of such Calendar Quarters being referred to herein as a “Recovery Quarter”), the Assuming Institution shall deliver to the Receiver a Quarterly Certificate setting forth, in such form and detail as the Receiver may specify

(A) the amount of Recoveries and Recovery Expenses during such Recovery Quarter. On the Quarterly Certificate for the first Recovery Quarter only, the Assuming Institution may report as a separate item, in such form and detail as the Receiver may specify, the aggregate amount of any Reimbursable Expenses that: (a) were incurred prior to or during the final Shared-Loss Quarter, and (b) had not been included in any Quarterly Certificate for any Shared-Loss Quarter because they had not been actually paid by or on behalf of the Assuming Institution (in accordance with the terms of this Commercial Shared-Loss Agreement) during any Shared-Loss Quarter and (c) were actually paid by or on behalf of the Assuming Institution (in accordance with the terms of this Commercial Shared-Loss Agreement) during the first Recovery Quarter; and

(B) net realized gain on the Shared Loss MTM Assets.

(b) Payments With Respect to Shared-Loss Assets.

(i) For purposes of this Section 2.1(b), the Assuming Institution shall initially record the Shared-Loss Assets on its Accounting Records at Book Value, and initially record the

Shared Loss MTM Assets on its Accounting Records at Fair Value, and adjust such amounts as such values may change after the Bank Closing. If the amount of all Net Charge-Offs during any Shared-Loss Quarter plus Reimbursable Expenses, plus MTM Net Realized Gain or MTM Net Realized Loss, plus OTTI Loss during such Shared-Loss Quarter (the “Shared-Loss Amount”) is positive, then, except as provided in Sections 2.1(c) and (e) below, and subject to the provisions of Section 2.1(b)(vi) below, not later than fifteen (15) days after the date on which the Receiver receives the Quarterly Certificate with respect to such Shared-Loss Quarter, the Receiver shall pay to the Assuming Institution an amount equal to eighty percent (80%) of the Shared-Loss Amount for such Shared-Loss Quarter. If the Shared-Loss Amount during any Shared-Loss Quarter is negative, the Assuming Institution shall pay to the Receiver an amount equal to eighty percent (80%) of the Shared-Loss Amount for such Shared-Loss Quarter, which payment shall be delivered to the Receiver together with the Quarterly Certificate for such Shared-Loss Quarter. When the cumulative Shared-Loss Amounts for all Shared-Loss Quarters plus the Cumulative Loss Amount under the Single Family Shared-Loss Agreement equals or exceeds the Stated Threshold, the Receiver shall pay to the Assuming Institution an amount equal to ninety-five percent ((95%) of the Shared-Loss Amount for each Shared-Loss Quarter, until such time as the cumulative Shared-Loss Amount for all Shared-Loss Quarters is less than the Stated Threshold, when the percentage shall revert back to eighty percent (80%).

(ii) If the amount of gross Recoveries during any Recovery Quarter less Recovery Expenses during such Recovery Quarter plus net realized gains or reversals of OTTI Loss on Shared Loss MTM Assets (the “Recovery Amount”) is positive, then, simultaneously with its delivery of the Quarterly Certificate with respect to such Recovery Quarter, the Assuming Institution shall pay to the Receiver an amount equal to eighty percent (80%) of the Recovery Amount for such Recovery Quarter. If the Recovery Amount is negative, then such negative amount shall be subtracted from the amount of gross Recoveries during the next succeeding Recovery Quarter in determining the Recovery Amount in such next succeeding Recovery Quarter; provided, that this Section 2.1(b)(ii) shall operate successively in the event that the Recovery Amount (after giving effect to this Section 2.1(b)(ii)) in such next succeeding Recovery Quarter is negative. The Assuming Institution shall specify, in the Quarterly Certificate for the final Recovery Quarter, the aggregate amount for all Recovery Quarters only, as of the end of, and including, the final Recovery Quarter of (A) Recoveries plus net realized gains or reversals of OTTI Loss on Shared Loss MTM Assets (“Aggregate Recovery Period Recoveries”), (B) Recovery Expenses (“Aggregate Recovery Expenses”), and (C) only those Recovery Expenses that have been actually “offset” against Aggregate Recovery Period Recoveries (including those so “offset” in that final Recovery Quarter) (“Aggregate Offset Recovery Expenses”); as used in this sentence, the term “offset” means the amount that has been applied to reduce gross Recoveries in any Recovery Quarter pursuant to the methodology set forth in this Section 2.1(b)(ii). If, at the end of the final Recovery Quarter the amount of Aggregate Recovery Expenses exceeds the amount of Aggregate Recovery Period Recoveries, the Receiver shall have no obligation to pay to the Assuming Institution all or any portion of such excess. Subsequent to the Assuming Institution’s calculation of the Recovery Amount (if any) for the final Recovery Quarter, the Assuming Institution shall also show on the Quarterly Certificate for the final Recovery Quarter the results of the following three mathematical calculations: (i) Aggregate Recovery Period Recoveries minus Aggregate Offset Recovery Expenses; (ii) Aggregate Recovery Expenses minus Aggregate Offset Recovery Expenses; and

(iii) the lesser of the two amounts calculated in (i) and (ii) immediately above (“Additional Recovery Expenses”) multiplied by 80% (the amount so calculated in (iii) being defined as the “Additional Recovery Expense Amount”). If the Additional Recovery Expense Amount is greater than zero, then the Assuming Institution may request in the Quarterly Certificate for the final Recovery Quarter that the Receiver reimburse the Assuming Institution the amount of the Additional Recovery Expense Amount and the Receiver shall pay to the Assuming Institution the Additional Recovery Expense Amount within fifteen (15) days after the date on which the Receiver receives that Quarterly Certificate. On the Quarterly Certificate for the final Recovery Quarter only, the Assuming Institution may include, in addition to any Recovery Expenses for that Recovery Quarter that were paid by or on behalf of the Assuming Institution in that Recovery Quarter, those Recovery Expenses that: (a) were incurred prior to or during the final Recovery Quarter, and (b) had not been included in any Quarterly Certificate for any Recovery Quarter because they had not been actually paid by or on behalf of the Assuming Institution (in accordance with the terms of this Commercial Shared-Loss Agreement) during any Recovery Quarter, and (c) were actually paid by or on behalf of the Assuming Institution (in accordance with the terms of this Commercial Shared-Loss Agreement) prior to the date the Assuming Institution is required to deliver that final Quarterly Certificate to the Receiver under the terms of Section 2.1(a)(ii).

(iii) With respect to each Shared-Loss Quarter and Recovery Quarter, collections by or on behalf of the Assuming Institution on any charge-off effected by the Failed Bank prior to Bank Closing on an Asset other than a Shared-Loss Asset or Shared-Loss MTM Assets shall be reported as Recoveries under this Section 2.1 only to the extent such collections exceed the Book Value of such Asset, if any. For any Shared-Loss Quarter or Recovery Quarter in which collections by or on behalf of the Assuming Institution on such Asset are applied to both Book Value and to a charge-off effected by the Failed Bank prior to Bank Closing, the amount of expenditures incurred by or on behalf of the Assuming Institution attributable to the collection of any such Asset, that shall be considered a Reimbursable Expense or a Recovery Expense under this Section 2.1 will be limited to a proportion of such expenditures which is equal to the proportion derived by dividing (A) the amount of collections on such Asset applied to a charge-off effected by the Failed Bank prior to Bank Closing, by (B) the total collections on such Assets.

(iv) If the Assuming Institution has duly specified an amount of Reimbursable Expenses on the Quarterly Certificate for the first Recovery Quarter as described above in the last sentence of Section 2.1(a)(ii), then, not later than fifteen (15) days after the date on which the Receiver receives that Quarterly Certificate, the Receiver shall pay to the Assuming Institution an amount equal to eighty percent (80%) (or, if the Cumulative Loss Amount under the Single Family Shared-Loss Agreement plus the cumulative Shared-Loss Amount for all Shared-Loss Quarters equals or exceeds the Stated Threshold, ninety-five percent (95%)) of the amount of such Reimbursable Expenses.

(v) If the First Loss Tranche as determined under the Purchase and Assumption Agreement is a positive number, Receiver has no obligation to make payment for any Shared Loss Quarters until the Shared-Loss Payment Trigger is satisfied.

(vi) Payments from the Receiver with respect to this Commercial Shared-Loss Agreement are administrative expenses of the Receiver. To the extent the Receiver needs funds for shared-loss payments respect to this Commercial Shared-Loss Agreement, the Receiver shall request funds under the Master Loan and Security Agreement, as amended (“MLSA”), from FDIC in its corporate capacity. The Receiver will not agree to any amendment of the MLSA that would prevent the Receiver from drawing on the MLSA to fund shared-loss payments.

(c) **Limitation on Shared-Loss Payment.** The Receiver shall not be required to make any payments pursuant to this Section 2.1 with respect to any Charge-Off of a Shared-Loss Asset that the Receiver or the Corporation determines, based upon the Examination Criteria, should not have been effected by the Assuming Institution; provided, (x) the Receiver must provide notice to the Assuming Institution detailing the grounds for not making such payment, (y) the Receiver must provide the Assuming Institution with a reasonable opportunity to cure any such deficiency and (z) (1) to the extent curable, if cured, the Receiver shall make payment with respect to any properly effected Charge-Off and (2) to the extent not curable, the Receiver shall make a payment as to all Charge-Offs (or portion of Charge-Offs) that were effected which would have been payable as a Charge-Off if the Assuming Institution had properly effected such Charge-Off. In the event that the Receiver does not make any payments with respect to any Charge-Off of a Shared-Loss Asset pursuant to this Section 2.1 or determines that a payment was improperly made, the Assuming Institution and the Receiver shall, upon final resolution, make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

(d) **Sale of, or Additional Advances or Amendments with Respect to, Shared-Loss Loans and Administration of Related Loans.** No Shared-Loss Loan shall be treated as a Shared-Loss Asset pursuant to this Section 2.1 (i) if the Assuming Institution sells or otherwise transfers such Shared-Loss Loan or any interest therein (whether with or without recourse) to any Person, (ii) after the Assuming Institution makes any additional advance, commitment or increase in the amount of a commitment with respect to such Shared-Loss Loan that does not constitute a Permitted Advance or a Shared-Loss Loan Commitment Advance, (iii) after the Assuming Institution makes any amendment, modification, renewal or extension to such Shared-Loss Loan that does not constitute a Permitted Amendment, or (iv) after the Assuming Institution has managed, administered or collected any “Related Loan” (as such term is defined in Section 3.4 of Article III of this Commercial Shared-Loss Agreement) in any manner which would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of such Shared-Loss Asset to which such loan is related; provided, that any such Shared-Loss Loan that has been the subject of Charge-Offs prior to the taking of any action described in clause (i), (ii), (iii) or (iv) of this Section 2.1(d) by the Assuming Institution shall be treated as a Shared-Loss Asset pursuant to this Section 2.1 solely for the purpose of treatment of Recoveries on such Charge-Offs until such time as the amount of Recoveries with respect to such Shared-Loss Asset equals such Charge-Offs.

(e) **Option to Purchase.**

(i) In the event that the Assuming Institution determines that there is a substantial likelihood that continued efforts to collect a Shared-Loss Asset or an Asset for which

a charge-off was effected by the Failed Bank with, in either case, a Legal Balance of \$500,000 or more on the Accounting Records of the Assuming Institution will result in an expenditure, after Bank Closing, of funds by on behalf of the Assuming Institution to a third party for a specified purpose (the expenditure of which, in its best judgment, will maximize collections), which do not constitute Reimbursable Expenses or Recovery Expenses, and such expenses will exceed ten percent (10%) of the then book value thereof as reflected on the Accounting Records of the Assuming Institution, the Assuming Institution shall (i) promptly so notify the Receiver and (ii) request that such expenditure be treated as a Reimbursable Expense or Recovery Expense for purposes of this Section 2.1. (Where the Assuming Institution determines that there is a substantial likelihood that the previously mentioned situation exists with respect to continued efforts to collect a Shared-Loss Asset or an Asset for which a charge-off was effected by the Failed Bank with, in either case, a Legal Balance of less than \$1,000,000 on the Accounting Records of the Assuming Institution, the Assuming Institution may so notify the Receiver and request that such expenditure be treated as a Reimbursable Expense or Recovery Expense.) Within thirty (30) days after its receipt of such a notice, the Receiver will advise the Assuming Institution of its consent or denial, that such expenditures shall be treated as a Reimbursable Expense or Recovery Expense, as the case may be. Notwithstanding the failure of the Receiver to give its consent with respect to such expenditures, the Assuming Institution shall continue to administer such Shared-Loss Asset in accordance with Section 2.2, except that the Assuming Institution shall not be required to make such expenditures. At any time after its receipt of such a notice and on or prior to the Termination Date the Receiver shall have the right to purchase such Shared-Loss Asset or Asset as provided in Section 2.1(e)(iii), notwithstanding any consent by the Receiver with respect to such expenditure.

(ii) During the period prior to the Termination Date, the Assuming Institution shall notify the Receiver within fifteen (15) days after any of the following becomes fully or partially charged-off:

(A) a Shared-Loss Loan having a Legal Balance (or, in the case of more than one (1) Shared-Loss Loan made to the same Obligor, a combined Legal Balance) of \$500,000 or more in circumstances in which the legal claim against the relevant Obligor survives; or

(B) a Shared-Loss Loan to a director, an “executive officer” as defined in 12 C.F.R. 215.2(d), a “principal shareholder” as defined in 12 C.F.R. 215.2(l), or an Affiliate of the Assuming Institution.

(iii) If the Receiver determines in its discretion that the Assuming Institution is not diligently pursuing collection efforts with respect to any Shared-Loss Asset which has been fully or partially charged-off or written-down (including any Shared-Loss Asset which is identified or required to be identified in a notice pursuant to Section 2.1(e)(ii)) or any Asset for which there exists a Failed Bank Charge-Off/Write-Down, the Receiver may at its option, exercisable at any time on or prior to the Termination Date, require the Assuming Institution to assign, transfer and convey such Shared-Loss Asset or Asset to and for the sole benefit of the Receiver for a price equal to the Shared-Loss Asset Repurchase Price thereof less the Related Liability Amount with respect to any Related Liabilities related to such Shared-Loss Asset or

Asset.

(iv) Not later than ten (10) days after the date upon which the Assuming Institution receives notice of the Receiver's intention to purchase or require the assignment of any Shared-Loss Asset or Asset pursuant to Section 2.1(e)(i) or (iii), the Assuming Institution shall transfer to the Receiver such Shared-Loss Asset or Asset and any Credit Files relating thereto and shall take all such other actions as may be necessary and appropriate to adequately effect the transfer of such Shared-Loss Asset or Asset from the Assuming Institution to the Receiver. Not later than fifteen (15) days after the date upon which the Receiver receives such Shared-Loss Asset or Asset and any Credit Files relating thereto, the Receiver shall pay to the Assuming Institution an amount equal to the Shared-Loss Asset Repurchase Price of such Shared-Loss Asset or Asset less the Related Liability Amount.

(v) The Receiver shall assume all Related Liabilities with respect to any Shared-Loss Asset or Asset set forth in the notice described in Section 2.1(e)(iv).

(f) Dispute Resolution.

(i) (A) Any dispute as to whether a Charge-Off of a Shared-Loss Asset was made in accordance with Examination Criteria shall be resolved by the Assuming Institution's Chartering Authority. (B) With respect to any other dispute arising under the terms of this Commercial Shared-Loss Agreement which the parties hereto cannot resolve after having negotiated such matter, in good faith, for a thirty (30) day period, other than a dispute the Corporation is not permitted to submit to arbitration under the Administrative Dispute Resolution Act of 1996 ("ADRA"), as amended, such other dispute shall be resolved by determination of a review board (a "Review Board") established pursuant to Section 2.1(f). Any Review Board under this Section 2.1(f) shall follow the provisions of the Federal Arbitration Act and shall follow the provisions of the ADRA. (C) Any determination by the Assuming Institution's Chartering Authority or by a Review Board shall be conclusive and binding on the parties hereto and not subject to further dispute, and judgment may be entered on said determination in accordance with applicable arbitration law in any court having jurisdiction thereof.

(ii) A Review Board shall consist of three (3) members, each of whom shall have such expertise as the Corporation and the Assuming Institution agree is relevant. As appropriate, the Receiver or the Corporation (the "FDIC Party") will select one member, one member will be selected by the Assuming Institution and the third member (the "Neutral Member") will be selected by the other two members. The member of the Review Board selected by a party may be removed at any time by such party upon two (2) days' written notice to the other party of the selection of a replacement member. The Neutral Member may be removed by unanimous action of the members appointed by the FDIC Party and the Assuming Institution after two (2) days' prior written notice to the FDIC Party and the Assuming Institution of the selection of a replacement Neutral Member. In addition, if a Neutral Member fails for any reason to serve or continue to serve on the Review Board, the other remaining members shall so notify the parties to the dispute and the Neutral Member in writing that such Neutral Member will be replaced, and the Neutral Member shall thereafter be replaced by the unanimous action of the other remaining members within twenty (20) business days of that notification.

(iii) No dispute may be submitted to a Review Board by any of the parties to this Commercial Shared-Loss Agreement unless such party has provided to the other party a written notice of dispute (“Notice of Dispute”). During the forty-five (45)-day period following the providing of a Notice of Dispute, the parties to the dispute will make every effort in good faith to resolve the dispute by mutual agreement. As part of these good faith efforts, the parties should consider the use of less formal dispute resolution techniques, as judged appropriate by each party in its sole discretion. Such techniques may include, but are not limited to, mediation, settlement conference, and early neutral evaluation. If the parties have not agreed to a resolution of the dispute by the end of such forty-five (45)-day period, then, subject to the discretion of the Corporation and the written consent of the Assuming Institution as set forth in Section 2.1(f)(i)(B) above, on the first day following the end of such period, the FDIC Party and the Assuming Institution shall notify each other of its selection of its member of the Review Board and such members shall be instructed to promptly select the Neutral Member of the Review Board. If the members appointed by the FDIC Party and the Assuming Institution are unable to promptly agree upon the initial selection of the Neutral Member, or a timely replacement Neutral Member as set forth in Section 2.1(f)(ii) above, the two appointed members shall apply to the American Arbitration Association (“AAA”), and such Neutral Member shall be appointed in accordance with the Commercial Arbitration Rules of the AAA.

(iv) The resolution of a dispute pursuant to this Section 2.1(f) shall be governed by the Commercial Arbitration Rules of the AAA to the extent that such rules are not inconsistent with this Section 2.1(f). The Review Board may modify the procedures set forth in such rules from time to time with the prior approval of the FDIC Party and the Assuming Institution.

(v) Within fifteen (15) days after the last to occur of the final written submissions of both parties, the presentation of witnesses, if any, and oral presentations, if any, the Review Board shall adopt the position of one of the parties and shall present to the parties a written award regarding the dispute. The determination of any two (2) members of a Review Board will constitute the determination of such Review Board.

(vi) The FDIC Party and the Assuming Institution will each pay the fees and expenses of the member of the Review Board selected by it. The FDIC Party and Assuming Institution will share equally the fees and expenses of the Neutral Member. No such fees or expenses incurred by or on behalf of the Assuming Institution shall be subject to reimbursement by the FDIC Party under this Commercial Shared-Loss Agreement or otherwise.

(vii) Each party will bear all costs and expenses incurred by it in connection with the submission of any dispute to a Review Board. No such costs or expenses incurred by or on behalf of the Assuming Institution shall be subject to reimbursement by the FDIC Party under this Commercial Shared-Loss Agreement or otherwise. The Review Board shall have no authority to award costs or expenses incurred by either party to these proceedings.

(viii) Any dispute resolution proceeding held pursuant to this Section 2.1(f) shall not be public. In addition, each party and each member of any Review Board shall strictly

maintain the confidentiality of all issues, disputes, arguments, positions and interpretations of any such proceeding, as well as all information, attachments, enclosures, exhibits, summaries, compilations, studies, analyses, notes, documents, statements, schedules and other similar items associated therewith, except as the parties agree in writing or such disclosure is required pursuant to law, rule or regulation. Pursuant to ADRA, dispute resolution communications may not be disclosed either by the parties or by any member of the Review board unless:

- (1) all parties to the dispute resolution proceeding agree in writing;
- (2) the communication has already been made public;
- (3) the communication is required by statute, rule or regulation to be made public;

or

- (4) a court determines that such testimony or disclosure is necessary to prevent a manifest injustice, help establish a violation of the law or prevent harm to the public health or safety, or of sufficient magnitude in the particular case to outweigh the integrity of dispute resolution proceedings in general by reducing the confidence of parties in future cases that their communications will remain confidential.

(ix) Any dispute resolution proceeding pursuant to this Section 2.1(f) (whether as a matter of good faith negotiations, by resort to a Review Board, or otherwise) is a compromise negotiation for purposes of the Federal Rules of Evidence and state rules of evidence. The parties agree that all proceedings, including any statement made or document prepared by any party, attorney or other participants are privileged and shall not be disclosed in any subsequent proceeding or document or construed for any purpose as an admission against interest. Any document submitted and any statements made during any dispute resolution proceeding are for settlement purposes only. The parties further agree not to subpoena any of the members of the Review Board or any documents submitted to the Review Board. In no event will the Neutral Member voluntarily testify on behalf of any party.

(x) No decision, interpretation, determination, analysis, statement, award or other pronouncement of any Review Board shall constitute precedent as regards any subsequent proceeding (whether or not such proceeding involves dispute resolution under this Commercial Shared-Loss Agreement) nor shall any Review Board be bound to follow any decision, interpretation, determination, analysis, statement, award or other pronouncement rendered by any previous Review Board or any other previous dispute resolution panel which may have convened in connection with a transaction involving other failed financial institutions or Federal assistance transactions.

(xi) The parties may extend any period of time in this Section 2.1(f) by mutual agreement. Notwithstanding anything above to the contrary, no dispute shall be submitted to a Review Board until each member of the Review Board, and any substitute member, if applicable, agrees to be bound by the provisions of this Section 2.1(f) as applicable to members of a Review Board. Prior to the commencement of the Review Board proceedings, or, in the case of a substitute Neutral Member, prior to the re-commencement of such proceedings subsequent to that substitution, the Neutral Member shall provide a written oath of impartiality.

(xii) For the avoidance of doubt, and notwithstanding anything herein to the contrary, in the event any notice of dispute is provided to a party under this Section 2.1(g) prior to the Termination Date, the terms of this Commercial Shared-Loss Agreement shall remain in effect with respect to any such items set forth in such notice until such time as any such dispute with respect to such item is finally resolved.

(g) **Payment in the Event Losses Fail to Reach Expected Level.** On the date that is 45 days following the last day (such day, the “True-Up Measurement Date”) of the calendar month in which the tenth anniversary of the calendar day following the Bank Closing occurs, the Assuming Institution shall pay to the Receiver fifty percent (50%) of the excess, if any, of (i) twenty percent (20%) of the Stated Threshold less (ii) the sum of (A) twenty-five percent (25%) of the asset premium (discount) plus (B) twenty-five percent (25%) of the Cumulative Shared-Loss Payments plus (C) the Cumulative Servicing Amount. The Assuming Institution shall deliver to the Receiver not later than 30 days following the True-Up Measurement Date, a schedule, signed by an officer of the Assuming Institution, setting forth in reasonable detail the calculation of the Cumulative Shared-Loss Payments and the Cumulative Servicing Amount.

2.2 Administration of Shared-Loss Assets. The Assuming Institution shall at all times prior to the Termination Date comply with the Rules Regarding the Administration of Shared-Loss Assets as set forth in Article III of this Commercial Shared-Loss Agreement.

2.3 Auditor Report; Right to Audit.

(a) Within ninety (90) days after the end of each fiscal year from and including the fiscal year during which Bank Closing falls to and including the calendar year during which the Termination Date falls, the Assuming Institution shall deliver to the Corporation and to the Receiver a report signed by its independent public accountants stating that they have reviewed the terms of this Commercial Shared-Loss Agreement and that, in the course of their annual audit of the Assuming Institution’s books and records, nothing has come to their attention suggesting that any computations required to be made by the Assuming Institution during such year by this Article II were not made by the Assuming Institution in accordance herewith. In the event that the Assuming Institution cannot comply with the preceding sentence, it shall promptly submit to the Receiver corrected computations together with a report signed by its independent public accountants stating that, after giving effect to such corrected computations, nothing has come to their attention suggesting that any computations required to be made by the Assuming Institution during such year by this Article II were not made by the Assuming Institution in accordance herewith. In such event, the Assuming Institution and the Receiver shall make all such accounting adjustments and payments as may be necessary to give effect to each correction reflected in such corrected computations, retroactive to the date on which the corresponding incorrect computation was made. It is the intention of this provision to align the timing of the audit required under this Commercial Shared-Loss Agreement with the examination audit required pursuant to 12 CFR Section 363.

(b) The Assuming Institution shall perform on an annual basis an internal audit of its compliance with the provisions of this Article II and shall provide the Receiver and the Corporation with copies of the internal audit reports and access to internal audit workpapers

related to such internal audit.

(c) The Receiver or the Corporation may perform an audit to determine the Assuming Institution's compliance with the provisions of this Commercial Shared-Loss Agreement, including this Article II, at any time by providing not less than ten (10) Business Days prior written notice. The scope and duration of any such audit shall be within the discretion of the Receiver or the Corporation, as the case may be, but shall in no event be administered in a manner that unreasonably interferes with the operation of the Assuming Institution's business. The Receiver or the Corporation, as the case may be, shall bear the expense of any such audit. In the event that any corrections are necessary as a result of such an audit, the Assuming Institution and the Receiver shall make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

2.4 Withholdings. Notwithstanding any other provision in this Article II, the Receiver, upon the direction of the Director (or designee) of the Corporation's Division of Resolutions and Receiverships, may withhold payment for any amounts included in a Quarterly Certificate delivered pursuant to Section 2.1, if, in its judgment, there is a reasonable basis under the terms of this Commercial Shared-Loss Agreement for denying the eligibility of an item for which reimbursement or payment is sought under such Section. In such event, the Receiver shall provide a written notice to the Assuming Institution detailing the grounds for withholding such payment. At such time as the Assuming Institution demonstrates to the satisfaction of the Receiver that the grounds for such withholding of payment, or portion of payment, no longer exist or have been cured, then the Receiver shall pay the Assuming Institution the amount withheld which the Receiver determines is eligible for payment, within fifteen (15) Business Days. In the event the Receiver or the Assuming Institution elects to submit the issue of the eligibility of the item for reimbursement or payment for determination under the dispute resolution procedures of Section 2.1(f), then (i) if the dispute is settled by the mutual agreement of the parties in accordance with Section 2.1(f)(iii), the Receiver shall pay the amount withheld (to the extent so agreed) within fifteen (15) Business Days from the date upon which the dispute is determined by the parties to be resolved by mutual agreement, and (ii) if the dispute is resolved by the determination of a Review Board, the Receiver shall pay the amount withheld (to the extent so determined) within fifteen (15) Business Days from the date upon which the Receiver is notified of the determination by the Review Board of its obligation to make such payment. Any payment by the Receiver pursuant to this Section 2.4 shall be made together with interest on the amount thereof from the date the payment was agreed or determined otherwise to be due, at the interest rate per annum determined by the Receiver to be equal to the coupon equivalent of the three (3)-month U.S. Treasury Bill Rate in effect as of the first Business Day of each Calendar Quarter during which such interest accrues as reported in the Federal Reserve Board's Statistical Release for Selected Interest Rates H.15 opposite the caption "Auction Average - 3-Month" or, if not so reported for such day, for the next preceding Business Day for which such rate was so reported.

2.5 Books and Records. The Assuming Institution shall at all times during the term of this Commercial Shared-Loss Agreement keep books and records which fairly present all dealings and transactions carried out in connection with its business and affairs. Except as otherwise provided for in the Purchase and Assumption Agreement or this Commercial Shared-

Loss Agreement, all financial books and records shall be kept in accordance with generally accepted accounting principles, consistently applied for the periods involved and in a manner such that information necessary to determine compliance with any requirement of the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement will be readily obtainable, and in a manner such that the purposes of the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement may be effectively accomplished. Without the prior written approval of the Corporation, the Assuming Institution shall not make any change in its accounting principles adversely affecting the value of the Shared-Loss Assets except as required by a change in generally accepted accounting principles. The Assuming Institution shall notify the Corporation of any change in its accounting principles affecting the Shared-Loss Assets which it believes are required by a change in generally accepted accounting principles.

2.6 Information. The Assuming Institution shall promptly provide to the Corporation such other information, including financial statements and computations, relating to the performance of the provisions of the Purchase and Assumption Agreement or otherwise relating to its business and affairs or this Commercial Shared-Loss Agreement, as the Corporation or the Receiver may request from time to time.

2.7 Tax Ruling. The Assuming Institution shall not at any time, without the Corporation's prior written consent, seek a private letter ruling or other determination from the Internal Revenue Service or otherwise seek to qualify for any special tax treatment or benefits associated with any payments made by the Corporation pursuant to the Purchase and Assumption Agreement or this Commercial Shared-Loss Agreement.

ARTICLE III - RULES REGARDING THE ADMINISTRATION OF SHARED-LOSS ASSETS AND SHARED-LOSS MTM ASSETS

3.1 Agreement with Respect to Administration. The Assuming Institution shall (and shall cause any of its Affiliates to which the Assuming Institution transfers any Shared-Loss Assets or Shared-Loss MTM Assets) to, or a Third Party Servicer to, manage, administer, and collect the Shared-Loss Assets and Shared-Loss MTM Assets while owned by the Assuming Institution or any Affiliate thereof during the term of this Commercial Shared-Loss Agreement in accordance with the rules set forth in this Article III ("Rules"). The Assuming Institution shall be responsible to the Receiver and the Corporation in the performance of its duties hereunder and shall provide to the Receiver and the Corporation such reports as the Receiver or the Corporation reasonably deems advisable, including but not limited to the reports required by Section 3.3 hereof, and shall permit the Receiver and the Corporation at all times to monitor the Assuming Institution's performance of its duties hereunder.

3.2 Duties of the Assuming Institution with Respect to Shared-Loss Assets.

(a) In performance of its duties under these Rules, the Assuming Institution shall:

(i) manage, administer, collect and effect Charge-Offs and Recoveries with respect to each Shared-Loss Asset in a manner consistent with (A) usual and prudent

business and banking practices; (B) the Assuming Institution's (or, in the case a Third Party Servicer is engaged, the Third Party Servicer's) practices and procedures including, without limitation, the then-effective written internal credit policy guidelines of the Assuming Institution, with respect to the management, administration and collection of and taking of charge-offs and write-downs with respect to loans, other real estate and repossessed collateral that do not constitute Shared Loss Assets;

(ii) exercise its best business judgment in managing, administering, collecting and effecting Charge-Offs with respect to Shared-Loss Assets;

(iii) use its best efforts to maximize collections with respect to Shared-Loss Assets and, if applicable for a particular Shared-Loss Asset, without regard to the effect of maximizing collections on assets held by the Assuming Institution or any of its Affiliates that are not Shared-Loss Assets;

(iv) adopt and implement accounting, reporting, record-keeping and similar systems with respect to the Shared-Loss Assets, as provided in Section 3.4 hereof;

(v) retain sufficient staff to perform its duties hereunder; and

(vi) provide written notification in accordance with Article IV of this Commercial Shared-Loss Agreement immediately after the execution of any contract pursuant to which any third party (other than an Affiliate of the Assuming Institution) will manage, administer or collect any of the Shared-Loss Assets, together with a copy of that contract.

(b) Any transaction with or between any Affiliate of the Assuming Institution with respect to any Shared-Loss Asset including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Institution will manage, administer or collect any of the Shared-Loss Assets, or any other action involving self-dealing, shall be subject to the prior written approval of the Receiver or the Corporation.

(c) The following categories of expenses shall not be deemed to be Reimbursable Expenses or Recovery Expenses:

(i) Federal, State, or local income taxes and expenses related thereto;

(ii) salaries or other compensation and related benefits of Assuming Institution employees and the employees of its Affiliates including, without limitation, any bonus, commission or severance arrangements, training, payroll taxes, dues, or travel- or relocation-related expenses,;

(iii) the cost of space occupied by the Assuming Institution, any Affiliate thereof and their staff, the rental of and maintenance of furniture and equipment, and expenses for data processing including the purchase or enhancement of data processing systems;

(iv) except as otherwise provided herein, fees for accounting and other

independent professional consultants (other than consultants retained to assess the presence, storage or release of any hazardous or toxic substance, or any pollutant or contaminant with respect to the collateral securing a Shared-Loss Loan that has been fully or partially charged-off); provided, that for purposes of this Section 3.2(c)(iv), fees of attorneys and appraisers engaged as necessary to assist in collections with respect to Shared-Loss Assets shall not be deemed to be fees of other independent consultants;

(v) allocated portions of any other overhead or general and administrative expense other than any fees relating to specific assets, such as appraisal fees or environmental audit fees, for services of a type the Assuming Institution does not normally perform internally;

(vi) any expense not incurred in good faith and with the same degree of care that the Assuming Institution normally would exercise in the collection of troubled assets in which it alone had an interest; and

(vii) any expense incurred for a product, service or activity that is of an extravagant nature or design.

(d) Subject to Section 3.7, the Assuming Institution shall not contract with third parties to provide services the cost of which would be a Reimbursable Expense or Recovery Expense if the Assuming Institution would have provided such services itself if the relevant Shared-Loss Assets were not subject to the loss-sharing provisions of Section 2.1 of this Commercial Shared-Loss Agreement.

3.3 Duties of the Assuming Institution with Respect to Shared-Loss MTM Assets.

(a) In performance of its duties under these Rules, the Assuming Institution shall:

(i) manage, administer, collect and each Shared-Loss MTM Asset in a manner consistent with (A) usual and prudent business and banking practices; (B) the Assuming Institution's practices and procedures including, without limitation, the then-effective written internal credit policy guidelines of the Assuming Institution, with respect to the management, administration and collection of similar assets that are not Shared-Loss MTM Assets;

(ii) exercise its best business judgment in managing, administering, collecting and effecting Charge-Offs with respect to Shared-Loss MTM Assets;

(iii) use its best efforts to maximize collections with respect to Shared-Loss MTM Assets and, if applicable for a particular Shared-Loss MTM Asset, without regard to the effect of maximizing collections on assets held by the Assuming Institution or any of its Affiliates that are not Shared-Loss MTM Assets, provided that, any sale of a Shared-Loss MTM Asset shall only be made with the prior approval of the Receiver or the Corporation;

(iv) adopt and implement accounting, reporting, record-keeping and similar systems with respect to the Shared-Loss MTM Assets, as provided in Section 3.4 hereof;

(v) retain sufficient staff to perform its duties hereunder; and

(vi) provide written notification in accordance with Article IV of this Commercial Shared-Loss Agreement immediately after the execution of any contract pursuant to which any third party (other than an Affiliate of the Assuming Institution) will manage, administer or collect any of the Shared-Loss MTM Assets, together with a copy of that contract.

(b) Any transaction with or between any Affiliate of the Assuming Institution with respect to any Shared-Loss MTM Asset including, without limitation, the execution of any contract pursuant to which any Affiliate of the Assuming Institution will manage, administer or collect any of the Shared-Loss Assets, or any other action involving self-dealing, shall be subject to the prior written approval of the Receiver or the Corporation.

(c) The Assuming Institution shall not contract with third parties to provide services the cost of which would be a Reimbursable Expense or Recovery Expense if the Assuming Institution would have provided such services itself if the relevant Shared-Loss Assets were not subject to the loss-sharing provisions of Section 2.1 of this Commercial Shared-Loss Agreement.

3.4 Records and Reports. The Assuming Institution shall establish and maintain records on a separate general ledger, and on such subsidiary ledgers as may be appropriate to account for the Shared-Loss Assets and the Shared-Loss MTM Assets, in such form and detail as the Receiver or the Corporation may require, to enable the Assuming Institution to prepare and deliver to the Receiver or the Corporation such reports as the Receiver or the Corporation may from time to time request regarding the Shared-Loss Assets, the Shared-Loss MTM Assets and the Quarterly Certificates required by Section 2.1 of this Commercial Shared-Loss Agreement.

3.5 Related Loans.

(a) The Assuming Institution shall not manage, administer or collect any “Related Loan” in any manner which would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of the Shared-Loss Asset to which such loan is related. A “Related Loan” means any loan or extension of credit held by the Assuming Institution at any time on or prior to the end of the final Recovery Quarter that is: (i) made to the same Obligor with respect to a Loan that is a Shared-Loss Asset or with respect to a Loan from which Other Real Estate, Additional ORE or Subsidiary ORE derived, or (ii) attributable to the same primary Obligor with respect to any Loan described in clause (i) under the rules of the Assuming Institution’s Chartering Authority concerning the legal lending limits of financial institutions organized under its jurisdiction as in effect on the Commencement Date, as applied to the Assuming Institution.

(b) The Assuming Institution shall prepare and deliver to the Receiver with the Quarterly Certificates for the Calendar Quarters ending June 30 and December 31 for all Shared-Loss Quarters and Recovery Quarters, a schedule of all Related Loans which are commercial loans or commercial real estate loans with Legal Balances of \$500,000 or more on the Accounting Records of the Assuming Institution as of the end of each such semi-annual

period, and all other commercial loans or commercial real estate loans attributable to the same Obligor on such loans of \$500,000 or more.

3.6 Legal Action; Utilization of Special Receivership Powers. The Assuming Institution shall notify the Receiver in writing (such notice to be given in accordance with Article IV below and to include all relevant details) prior to utilizing in any legal action any special legal power or right which the Assuming Institution derives as a result of having acquired a Shared-Loss Asset from the Receiver, and the Assuming Institution shall not utilize any such power unless the Receiver shall have consented in writing to the proposed usage. The Receiver shall have the right to direct such proposed usage by the Assuming Institution and the Assuming Institution shall comply in all respects with such direction. Upon request of the Receiver, the Assuming Institution will advise the Receiver as to the status of any such legal action. The Assuming Institution shall immediately notify the Receiver of any judgment in litigation involving any of the aforesaid special powers or rights.

3.7 Third Party Servicer. The Assuming Institution may perform any of its obligations and/or exercise any of its rights under this Commercial Shared-Loss Agreement through or by one or more Third Party Servicers, who may take actions and make expenditures as if any such Third Party Servicer was the Assuming Institution hereunder (and, for the avoidance of doubt, such expenses incurred by any such Third Party Servicer on behalf of the Assuming Institution shall be Reimbursable Expenses or Recovery Expenses, as the case may be, to the same extent such expenses would so qualify if incurred by the Assuming Institution); provided, however, that the use thereof by the Assuming Institution shall not release the Assuming Institution of any obligation or liability hereunder.

ARTICLE IV -- PORTFOLIO SALE

4.1 Assuming Institution Portfolio Sales of Remaining Shared-Loss Assets. The Assuming Institution shall have the right with the concurrence of the Receiver, commencing as of the first day of the third to last Shared-Loss Quarter, to liquidate for cash consideration, in one or more transactions, all or a portion of Shared-Loss Assets held by the Assuming Institution ("Portfolio Sales"). If the Assuming Institution exercises its option under this Section 4.1, it must give thirty (30) days notice in writing to the Receiver setting forth the details and schedule for the Portfolio Sale which shall be conducted by means of sealed bid sales to third parties, not including any of the Assuming Institution's affiliates, contractors, or any affiliates of the Assuming Institution's contractors.

4.2 Calculation of Sale Gain or Loss. For Shared-Loss Assets gain or loss on the sales under Section 4.1 will be calculated as the sale price received by the Assuming Institution less the book value of the remaining Shared-Loss Assets.

ARTICLE V -- LOSS-SHARING NOTICES GIVEN TO CORPORATION AND/OR RECEIVER

As a supplement to the notice provisions contained in Section 13.7 of the Purchase and

Assumption Agreement, any notice, request, demand, consent, approval, or other communication (a “Notice”) given to the Corporation and/or the Receiver in the loss-sharing context shall be given as follows:

5.1 With respect to a Notice under Section 2 and Sections 3.1-3.5 of this Commercial Shared-Loss Agreement:

Federal Deposit Insurance Corporation
Division of Resolutions and Receiverships
550 17th Street, N.W.
Washington, D.C. 20429

Attention: Assistant Director, Franchise and Asset Marketing

5.2 With respect to a Notice under Section 3.6 of this Commercial Shared-Loss Agreement:

Federal Deposit Insurance Corporation Legal Division
40 Pacifica, Irvine, CA 92618

Attention: Managing Counsel

with a copy to:

Federal Deposit Insurance Corporation Legal Division
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Senior Counsel (Special Issues Group)

ARTICLE VI – MISCELLANEOUS

6.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses incurred by a party hereto in connection with this Commercial Shared-Loss Agreement shall be borne by such party whether or not the transactions contemplated herein shall be consummated.

6.2 Successors and Assigns; Specific Performance. All terms and provisions of this Commercial Shared-Loss Agreement shall be binding upon and shall inure to the benefit of the parties hereto only; provided, however, that, Receiver may assign or otherwise transfer this Commercial Shared-Loss Agreement (in whole or in part) to the Federal Deposit Insurance Corporation in its corporate capacity without the consent of Assuming Institution. Notwithstanding anything to the contrary contained in this Commercial Shared-Loss Agreement, except as is expressly permitted in this Section 6.2, Assuming Institution may not assign or otherwise transfer this Commercial Shared-Loss Agreement (in whole or in part) without the prior written consent of the Receiver, which consent may be granted or withheld by the Receiver in its sole discretion, and any attempted assignment or transfer in violation of this provision shall be void *ab initio*. For the avoidance of doubt, a merger or consolidation of the Assuming Institution with and into another financial institution, the sale of all or substantially all of the assets of the Assuming Institution to another financial institution constitutes the transfer of this

Commercial Shared-Loss Agreement which requires the consent of the Receiver and for a period of thirty-six (36) months after Bank Closing, a merger or consolidation shall also include the sale by any individual shareholder, or shareholders acting in concert, of more than 9% of the outstanding shares of the Assuming Institution, or of its holding company, or of any subsidiary holding Shared-Loss Assets, or the sale of shares by the Assuming Institution or its holding company or any subsidiary holding Shared-Loss Assets, in a public or private offering, that increases the number of shares outstanding by more than 9%, constitutes the transfer of this Commercial Shared-Loss Agreement which requires the consent of the Receiver. However, no Loss shall be recognized as a result of any accounting adjustments that are made due to any such merger, consolidation or sale consented to by the FDIC. The FDIC's consent shall not be required if the aggregate outstanding principal balance of Shared-Loss Assets is less than twenty percent (20%) of the initial aggregate balance of Shared-Loss Assets.

6.3 Governing Law. This Commercial Shared-Loss Agreement shall be construed in accordance with federal law, or, if there is no applicable federal law, the laws of the State of New York, without regard to any rule of conflict of law that would result in the application of the substantive law of any jurisdiction other than the State of New York.

6.4 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATING TO OR IN CONNECTION WITH THIS COMMERCIAL SHARED-LOSS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

6.5 Captions. All captions and headings contained in this Commercial Shared-Loss Agreement are for convenience of reference only and do not form a part of, and shall not affect the meaning or interpretation of, this Commercial Shared-Loss Agreement.

6.6 Entire Agreement; Amendments. This Commercial Shared-Loss Agreement, along with the Single Family Shared-Loss Agreement and the Purchase and Assumption Agreement, including the Exhibits and any other documents delivered pursuant hereto, embody the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior representations, warranties, offers, acceptances, agreements and understandings, written or oral, relating to the subject matter herein. This Commercial Shared-Loss Agreement may be amended or modified or any provision thereof waived only by a written instrument signed by both parties or their respective duly authorized agents.

6.7 Severability. Whenever possible, each provision of this Commercial Shared-Loss Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Commercial Shared-Loss Agreement is held to be prohibited by or invalid, illegal or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be prohibited, invalid, illegal or unenforceable, and the validity, legality and enforceability of the remainder of such provision and the remaining provisions of this Commercial Shared-Loss Agreement shall not in any way be affected or impaired thereby.

6.8 No Third Party Beneficiary. This Commercial Shared-Loss Agreement and the Exhibits hereto are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and permitted assigns and there shall be no other third party beneficiaries, and nothing in Commercial Shared-Loss Agreement or the Exhibits shall be construed to grant to any other Person any right, remedy or claim under or in respect of this Commercial Shared-Loss Agreement or any provision hereof.

6.9 Consent. Except as otherwise provided herein, when the consent of a party is required herein, such consent shall not be unreasonably withheld or delayed.

6.10 Rights Cumulative. Except as otherwise expressly provided herein, the rights of each of the parties under this Commercial Shared-Loss Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party's rights under the Purchase and Sale Agreement and any of the related agreements or under law. Except as otherwise expressly provided herein, any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of such rights, shall not operate as a waiver or variation of that or any other such right.

Execution Copy

SHARED-LOSS AGREEMENT

This SHARED-LOSS AGREEMENT (this “Agreement”) is made and entered into as of the 19th day of March, 2009 by and between the FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR INDYMAC FEDERAL BANK, FSB (the “Receiver”) and OneWest Bank, FSB (the “Purchaser”). The terms hereof shall modify and supplement, as necessary, the terms of the Loan Sale Agreement between the Receiver and the Purchaser of even date herewith (the “LSA”), to which this Agreement is attached as an Exhibit. To the extent any inconsistencies may arise between the terms of the LSA and this Agreement with respect to the subject matter of this Agreement, the terms of this Agreement shall control. References in this Agreement to a particular Section shall be deemed to refer to a Section in this Agreement, unless the context indicates that it is intended to be a reference to a Section of the LSA.

ARTICLE I – DEFINITIONS

The capitalized terms set forth below, as used in this Agreement, shall have the following meanings. Capitalized terms that are not otherwise defined herein are used as defined in the LSA.

“**Accounting Records**” means the subsidiary system of record on which the loan history and balance of each Shared-Loss Loan is maintained; individual loan files containing either an original or copies of documents that are customary and reasonable with respect to loan servicing, including management and disposition of other real estate; the records documenting alternatives considered with respect to loans in default or for which a default is reasonably foreseeable; records of loss calculations and supporting documentation with respect to line items on the loss calculations; and monthly delinquency reports and other performance reports customarily utilized by the Purchaser in management of loan portfolios.

“**Accrued Interest**” means, with respect to Shared-Loss Loans, the amount of earned and unpaid interest at the note rate specified in the applicable loan documents, limited to 90 days.

“**Charged-Off Loan**” means a Shared-Loss Loan that is fully charged off in accordance with the policies and procedures of IndyMac Federal Bank, FSB in effect as of January 2, 2009 (or as may be modified thereafter with the consent of the Receiver) and applicable regulatory requirements and guidelines. Notwithstanding the foregoing, no Shared-Loss Loan that is charged off as contemplated in the foregoing sentence will be considered a Charged-Off Loan until the loan is first processed under the Program, unless such loan is not a Qualifying Loan or unless the Purchaser is not permitted to apply the Program under applicable law.

“**Charge-Off Loss**” means the loss on a Charged-Off Loan calculated in accordance with applicable regulatory requirements and guidelines, limited as to the amount of includable Accrued Interest and other costs as indicated in Exhibit 2e.

“**Commencement Date**” means the Closing Date.

“**Cumulative Loss Amount**” means the sum of the Monthly Loss Amounts.

“Cumulative Shared-Loss Amount” means the excess, if any, of the Cumulative Loss Amount over the First Loss Amount.

“Customary Servicing Procedures” means, with respect to a Shared-Loss Loan, the procedures that the Purchaser customarily employs and exercises in servicing and administering mortgage loans for its own accounts and the servicing procedures established by Fannie Mae or Freddie Mac, which are in accordance with accepted mortgage servicing practices of prudent lending institutions.

“FDIC” means the Federal Deposit Insurance Corporation in its corporate capacity.

“Final Shared-Loss Month” means the earlier of (i) the calendar month in which the tenth anniversary of the Commencement Date occurs and (ii) the calendar month in which a Portfolio Sale occurs.

“First Loss Amount” means the dollar amount equal to the product of (i) 0.20 multiplied by (ii) the aggregate unpaid principal balance of the Shared-Loss Loans as shown on the Loan Schedule attached to the LSA as Attachment A, as updated as of the Closing Date in accordance with Section 2.06 of the LSA, which dollar amount represents the total amount of Losses on Shared-Loss Loans the Purchaser has agreed to realize before the Receiver is required to make payments to the Purchaser with respect to Shared-Loss Loans pursuant to Section 2.1(d) of this Agreement.

“Foreclosure Loss” means the loss realized when the Purchaser has completed the foreclosure on a Shared-Loss Loan and realized final recovery on the collateral through liquidation and recovery of any insurance proceeds. Each Foreclosure Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2a.

“Guidelines” means the Statement on Loss Mitigation Strategies for Servicers of Residential Mortgages (September 2007), issued by the federal financial institutions regulatory agencies and the Conference of State Bank Supervisors, the Statement on Working with Mortgage Borrowers (April 2007), issued by the federal financial institutions regulatory agencies, the Home Equity Line of Credit Account Management Guidance (August 2008), issued by the Office of Thrift Supervision, and the Program, each as may be amended or supplemented from time to time.

“Independent Accounting Firm” means a nationally recognized certified public accounting firm selected by the Purchaser and approved by the Receiver (including approval by the Receiver of the engagement terms of such firm), which approval shall not be unreasonably withheld.

“Loan Sale Loss” means the loss realized by the Purchaser upon the sale of a Shared-Loss Loan by the Purchaser to an unaffiliated person or entity with the Receiver’s consent as set forth in Section 2.6. For Shared-Loss Loans that are not Restructured Loans, Loan Sale Loss will be calculated as the unpaid principal balance of the Shared-Loss Loan less the net sale price received by the Purchaser for the Shared-Loss Loan. Loan Sale Loss for any Restructured Loan will be calculated as (a) the net sale price received by the Purchaser for the Shared-Loss Loan less (b) the net present value of estimated cash flows on the Restructured Loan that was used in

the calculation of the related Restructuring Loss plus (c) Loan principal payments collected by the Purchaser from the date the Loan was restructured to the date of sale. (See Exhibit 2d for example calculation).

“Loss” means a Foreclosure Loss, Restructuring Loss, Short Sale Loss, Portfolio Loss, Loan Sale Loss, Charge-Off Loss, excluding any consequential, special or indirect damages, lost profits, lost investment or business opportunity, interest (except as expressly set forth in this Agreement), damages to reputation, punitive damages, exemplary damages, treble damages, nominal damages and operating losses.

“Monthly Certificate” has the meaning provided in Section 2.1(b) of this Agreement.

“Monthly Loss Amount” means the sum of all Losses for any Shared-Loss Month.

“Monthly Shared-Loss Amount” means the change in the Cumulative Shared-Loss Amount from the beginning of each month to the end of each month.

“Portfolio Loss” means the loss realized on the Portfolio Sale of the remaining Shared-Loss Loans calculated in accordance with the terms of Article IV.

“Portfolio Sale” has the meaning provided in Section 4.1 of this Agreement.

“Program” means any of the following mortgage loan modification programs: (a) for modifications currently in process or initiated within the first 90 days following the signing of this Agreement, the modification program previously approved by the Board of Directors of IndyMac Federal Bank, FSB in Conservatorship; (b) the FDIC’s Mortgage Loan Modification Program, a copy of which is set forth in Exhibit 5 to this Agreement; and (c) any other modifications either to an individual or to a group of borrowers, with prior written consent of the FDIC.

“Qualifying Loan” means a Shared-Loss Loan (i) secured by collateral that is owner-occupied on which the mortgagee has a first priority lien and (ii) with respect to which either (x) the borrower is at least 60 days delinquent or (y) a default is reasonably foreseeable.

“Receiver Recoveries” means the amount of shared Recovery Amounts due to the Receiver, which amount is calculated at the same percentage at which the related Loss was reimbursed by the Receiver.

“Recovery Amount” means, with respect to any period prior to the Termination Date, the amount of collected funds received by the Purchaser that (i) are collected from a borrower or other third-party in respect of a foreclosed Loan subsequent to the reimbursement of the Purchaser by the Receiver for a Foreclosure Loss in respect of such Loan, (ii) are collected from a borrower or other third-party in respect of a Charged-Off Loan subsequent to the reimbursement of the Purchaser by the Receiver for a Charge-Off Loss in respect of such Loan, (iii) are gains realized from a Section 4.1 or Section 4.2 sale of Shared-Loss Loans for which the Purchaser has previously received a Restructuring Loss payment from the Receiver, or (iv) are received from any source other than as described in clauses (i), (ii) or (iii) above in respect of any Shared-Loss Loan subsequent to the reimbursement of the Purchaser by the Receiver for a

Loss in respect of such Loan which represents a payment under any insurance, guaranty or similar arrangement.

“Restructuring Loss” means the loss on a modified or restructured loan measured by the difference between (a) the principal, Accrued Interest, unreimbursed Advances and third party fees due on a loan prior to the modification or restructuring and (b) the net present value of estimated cash flows on the modified or restructured loan, discounted at the Then-Current Interest Rate. Each Restructuring Loss shall be calculated in accordance with the form and methodology specified in Exhibits 2b(i) and 2b(ii) and shall be measured after taking into account all subsidies or other payments received by the Purchaser that are intended to be for the benefit of the borrower with respect to such modified or restructured loan under any government-sponsored program affecting the Shared-Loss Loans.

“Restructured Loan” means a Shared-Loss Loan for which the Purchaser has received a Restructuring Loss payment from the Receiver.

“Servicing Officer” has the meaning provided in Section 2.1(b) of this Agreement.

“Shared-Loss Loans” means the Loans identified on the Loan Schedule attached to the LSA as Attachment A.

“Shared-Loss Month” means each calendar month between the Commencement Date and the last day of the Final Shared-Loss Month, provided that, the first Shared-Loss Month shall begin on the Commencement Date and end on the last day of that month.

“Short-Sale Loss” means the loss resulting from the Purchaser’s agreement with the mortgagor to accept a payoff in an amount less than the balance due on the loan. Each Short-Sale Loss shall be calculated in accordance with the form and methodology specified in Exhibit 2c.

“Stated Threshold” means the dollar amount equal to the product of (i) 0.30 multiplied by (ii) the aggregate unpaid principal balance of the Shared-Loss Loans as shown on the Loan Schedule attached to the LSA at Attachment A, as updated as of the Closing Date in accordance with Section 2.06 of the LSA.

“Termination Date” means the last day of the Final Shared-Loss Month.

“Then-Current Interest Rate” means the most recently published Freddie Mac survey rate for 30-year fixed-rate loans or, if such Freddie Mac survey rate is not available, then another comparable nationally published rate for 30-year fixed-rate loans.

ARTICLE II – SHARED-LOSS ARRANGEMENT

2.1 Shared-Loss Arrangement.

(a) **Loss Mitigation and Consideration of Alternatives.** For each Shared-Loss Loan in default or for which a default is reasonably foreseeable, the Purchaser shall undertake, or shall use reasonable best efforts to cause third-party servicers to undertake, reasonable and

customary loss mitigation efforts in compliance with the Guidelines and Customary Servicing Procedures. The Purchaser shall document its consideration of foreclosure, loan restructuring (if available), charge-off and short-sale (if a short-sale is a viable option and is proposed to the Purchaser) alternatives and shall select the alternative that is reasonably estimated by the Purchaser to result in the least Loss. The Purchaser shall retain all analyses of the considered alternatives and servicing records and allow the Receiver to inspect them upon reasonable notice.

(b) Monthly Certificates. Not later than fifteen (15) days after the end of each Shared-Loss Month, beginning with the month in which the Commencement Date occurs and ending with the Final Shared-Loss Month, the Purchaser shall deliver to the Receiver a certificate, signed by an officer of the Purchaser involved in, or responsible for, the administration and servicing of the Shared-Loss Loans whose name appears on a list of servicing officers furnished by the Purchaser to the Receiver (a “Servicing Officer”), setting forth in such form and detail as the Receiver may reasonably specify (a “Monthly Certificate”):

(A) a schedule substantially in the form of Exhibit 1A listing:

(i) each Shared-Loss Loan for which a Loss is being claimed, the related Loss amount for each Shared-Loss Loan, and the total Monthly Loss Amount for all Shared-Loss Loans;

(ii) the Cumulative Shared-Loss Amount as of the beginning and end of the month;

(iii) the Monthly Shared-Loss Amount;

(iv) the result obtained in clause (v) multiplied by 80%, which is used to compute the amount to be paid by the Receiver or the Purchaser, as applicable, under Section 2.1(d) of this Agreement, or the result in clause (v) multiplied by 95%, if the Stated Threshold has been met;

(v) the amount of Receiver Recoveries based on the calculations in Exhibit 1B, listing each loan for which a recovery was received during the month and the Recovery Amount, with the amount of Receiver Recoveries calculated at the same percentage at which the related Loss was reimbursed by the Receiver; and

(vi) the net amount due from the Receiver after deducting the amount of Receiver Recoveries from the amount of reimbursable Losses due to the Purchaser.

(B) for each of the Shared-Loss Loans for which a Loss is claimed for that Shared-Loss Month, a schedule showing the calculation of the Loss Amount using the form and methodology shown in Exhibit 2a, Exhibit 2b(i), Exhibit 2b(ii), Exhibit 2c, or Exhibit 2e, as applicable.

(C) for each of the Restructured Loans where a gain or loss is realized in a sale under Section 4.1 or Section 4.2, a schedule showing the calculation using the form and methodology shown in Exhibit 2d.

(D) a portfolio performance and summary schedule substantially in the form shown in Exhibit 3.

(c) Monthly Data Download. Not later than fifteen (15) days after the end of each month, beginning with the month in which the Commencement Date occurs and ending with the Final Shared-Loss Month, the Purchaser shall provide the Receiver:

(i) the servicing file in machine-readable format including but not limited to the following fields for each outstanding Shared-Loss Loan, as applicable:

- (A) Loan number
- (B) FICO score
- (C) Origination date
- (D) Original principal amount
- (E) Maturity date
- (F) Paid-to date
- (G) Last payment date
- (H) Loan status (bankruptcy, in foreclosure, etc.)
- (I) Delinquency counters
- (J) Current principal balance
- (K) Current escrow account balance
- (L) Updated value
- (M) Updated valuation date
- (N) Interest rate
- (O) Monthly principal and interest payment amount
- (P) Monthly escrow payment for taxes and insurance
- (Q) Interest rate type (fixed or adjustable)
- (R) If adjustable: index, margin, next interest rate reset date
- (S) Payment/Interest rate cap and/or floor
- (T) Underwriting type (Full doc, Alt Doc, No Doc)
- (U) Lien type (1st, 2nd)
- (V) Amortization type (amortizing or I/O, neg am or HELOC revolver)
- (W) Property address, including city, state, zip code
- (X) A code indicating whether the Mortgaged Property is owner-occupied
- (Y) Property type (single-family detached, condominium, duplex, etc.)
- (Z) Negative amortization cap
- (AA) Loan type

(ii) An Excel or similar file for real property held as a result of foreclosure on a Shared-Loss Loan listing:

- (A) Foreclosure date
- (B) Unpaid loan principal balance
- (C) Appraised value or BPO value, as applicable
- (D) Projected liquidation date

(d) Payments With Respect to Shared-Loss Loans.

(i) Losses Under the Stated Threshold. Not later than thirty (30) days after the end of each calendar quarter, the Receiver shall pay to the Purchaser, in immediately available funds, an amount equal to eighty percent (80%) of the sum of the Monthly Shared-Loss Amounts reported on the Monthly Certificates received by the Receiver with respect to such calendar quarter, less the sum of the Receiver Recoveries reported on the Monthly Certificates (provided that the Purchaser has delivered all of such Monthly Certificates to the Receiver within fifteen (15) days after the end of such calendar quarter). If any Monthly Certificates with respect to a calendar quarter are delivered more than fifteen (15) days after the end of such calendar quarter but within fifteen (15) days after the end of any subsequent calendar quarter, such delayed Monthly Certificates shall be included in the calculation of the sum of Monthly Shared-Loss Amounts and Receiver Recoveries for such subsequent calendar quarter. If the sum of the total Receiver Recoveries exceeds the sum of the Losses reimbursable by the Receiver as reported on such Monthly Certificates, the Purchaser shall pay to the Receiver, in immediately available funds no later than thirty (30) days after the end of such calendar quarter, an amount equal to such excess. To the extent that either the Receiver or the Purchaser does not make any payment required by this Section 2.1(d)(i) within thirty (30) days following the end of the calendar quarter, any amount not paid shall thereafter accrue interest at LIBOR plus 250 basis points until paid. For purposes of this Agreement, "LIBOR" shall be as determined in accordance with the Mortgage Loan Master Repurchase Agreement dated as of the date hereof between the Receiver and the Purchaser.

(ii) Losses in Excess of the Stated Threshold. From the time that, and for so long as, the Stated Threshold has been met, the loss/recovery sharing percentages shall change from 80/20 to 95/5 and thereafter the Receiver shall pay to the Purchaser, in immediately available funds no later than thirty (30) days after the end of each calendar quarter, an amount equal to ninety-five percent (95%) of the sum of the Monthly Shared-Loss Amounts reported on the Monthly Certificates received by the Receiver during such calendar quarter, less the sum of Receiver Recoveries (provided that the Purchaser has delivered all of such Monthly Certificates to the Receiver within fifteen (15) days after the end of such calendar quarter). Notwithstanding the foregoing, in the month in which the Cumulative Loss Amount surpasses the Stated Threshold, the portion of the Monthly Shared-Loss Amount up to the Stated Threshold will be paid at 80%, and the portion of the Monthly Shared-Loss Amount in excess of the Stated Threshold will be paid at 95%. If any Monthly Certificates with respect to a calendar quarter are delivered more than fifteen (15) days after the end of such calendar quarter but within fifteen (15) days after the end of any subsequent calendar quarter, such delayed Monthly Certificates shall be included in the calculation of the sum of Monthly Shared-Loss Amounts for such subsequent calendar quarter. If the sum of the total Receiver Recoveries exceeds the sum of the

Losses reimbursable by the Receiver as reported on such Monthly Certificates, the Purchaser shall pay to the Receiver, in immediately available funds no later than thirty (30) days after end of such calendar quarter, an amount equal to such excess. To the extent that either the Receiver or the Purchaser does not make any payment required by this Section 2.1(d)(ii) within the required thirty (30)-day period, any amount not paid shall thereafter accrue interest at LIBOR plus 250 basis points until paid.

(e) Limitations on Shared-Loss Payment.

(i) The Receiver shall not be required to make any payments pursuant to Section 2.1(d) with respect to any Loss in the event that the Receiver determines that the Purchaser has not complied with the criteria set forth in this Agreement (including the analysis and documentation requirements of Section 2.1(a), the obligation to adhere to the Customary Servicing Procedures or, with respect to a claimed Restructuring Loss on any Qualifying Loan, the obligation to modify or restructure the loan according to the terms of the Program). If the Receiver makes such a determination, the Receiver shall promptly provide a written notice to the Purchaser detailing the grounds for such determination. If the Purchaser disagrees with such determination, it shall promptly provide a written notice (a “Notice of Disagreement”) to the Receiver detailing the Purchaser’s compliance with the criteria set forth in this Agreement and otherwise detailing the Purchaser’s grounds for such disagreement (a “Disagreement”). If the Purchaser demonstrates to the satisfaction of the Receiver, in the Receiver’s reasonable judgment, that the grounds for the Receiver’s determination were insufficient, no longer exist or have been cured, then the Receiver shall pay the Purchaser the amounts affected by the Receiver’s determination within fifteen (15) days after such demonstration by the Purchaser. In the event that the Receiver is not required to make any payment with respect to any Loss claimed pursuant to Section 2.1(d), the Receiver and the Purchaser shall make the necessary adjustments to the Monthly Shared-Loss Amount(s) for the applicable Monthly Certificate(s) and the payment pursuant to Section 2.1(d) above shall be adjusted accordingly.

(ii) If the Purchaser has delivered a Notice of Disagreement, the parties shall promptly commence good faith negotiations with a view to resolving the Disagreement. If the parties do not resolve the Disagreement within ten (10) Business Days after the delivery of the Notice of Disagreement to the Receiver (with such resolution evidenced by a written agreement signed by the Purchaser and the Receiver), such Disagreement or portion thereof that is not resolved shall be referred by the Purchaser to the Independent Accounting Firm for resolution. The Purchaser shall provide the Independent Accounting Firm with a copy of this Agreement, the Notice of Disagreement and any supporting documentation that has been exchanged by the parties. The Independent Accounting Firm shall decide the Disagreement by determining, based solely on the terms of this Agreement and the documents made available to it in accordance with this Section 2.1(e)(ii), whether the Purchaser has complied with the criteria set forth in this Agreement (including the analysis and documentation requirements of Section 2.1(a), the obligation to adhere to the Customary Servicing Procedures or, with respect to a claimed Restructuring Loss on any Qualifying Loan, the obligation to modify or restructure the loan according to the terms of the Program), and shall not determine the amount of such payment. The Independent Accounting Firm shall issue a written decision, a copy of which shall be provided to each party, setting forth the resolution of the Disagreement. Such resolution by the Independent Accounting Firm shall be final and binding upon the parties and the parties

expressly acknowledge the foregoing. The Purchaser and the Receiver shall use their best efforts to cause the Independent Accounting Firm to render its determination as soon as practicable after the referral to it of the Disagreement but in any event shall direct the Independent Accounting Firm to render its decision no later than thirty (30) days after the date on which the Independent Accounting Firm receives all of the information to be provided to it in accordance with this Section 2.1(e)(ii). The Purchaser and the Receiver each shall cooperate with the Independent Accounting Firm and provide such firm with reasonable access to such Accounting Records and personnel as the Independent Accounting Firm reasonably requests in order to render its determination. Either the Purchaser and the Receiver may enforce the decision of the Independent Accounting Firm in a court of competent jurisdiction, but neither the Purchaser and the Receiver shall challenge or seek to appeal the decision of the Independent Accounting Firm, and each expressly waives any right it may otherwise have to so challenge such decision. The fees and expenses of the Independent Accounting Firm shall be shared equally by the Purchaser and the Receiver. Following the resolution of the Disagreement, the Receiver and the Purchaser shall make the necessary adjustments to the Monthly Shared-Loss Amount(s) for the applicable Monthly Certificate(s) and the payment pursuant to Section 2.1(d) above shall be adjusted accordingly to include or exclude the amount of the claimed Loss in accordance with the decision of the Independent Accounting Firm.

(iii) Notwithstanding anything to the contrary contained herein, if, at any time after the Receiver makes a payment to the Purchaser pursuant to Section 2.1(d), the Receiver determines that such payment should not have been made because the Purchaser had not complied with the criteria set forth in this Agreement, the Receiver may provide a written notice to the Purchaser detailing the grounds for such determination and requesting that the full amount of such payment be returned to the Receiver. If the Purchaser disagrees with such determination, it shall promptly submit a Notice of Disagreement to the Receiver detailing the grounds for such Disagreement, and such Disagreement shall be resolved as provided in this Section 2.1(e). If the Purchaser does not submit a Notice of Disagreement to the Receiver within ten (10) Business Days after receipt of written notice of the Receiver's determination or if the Disagreement with respect to the Receiver's determination is resolved in the Receiver's favor, then, at the sole option of the Receiver, (i) the Receiver may offset the full amount of the payment that was the subject of the Notice of Disagreement against any other payments the Receiver is required to make to the Purchaser pursuant to Section 2.1(d) or (ii) the Purchaser shall, within two (2) Business Days after a request for payment is made by the Receiver, return to the Receiver the full amount of the payment that was the subject of the Notice of Disagreement, and, in either case, the Receiver and the Purchaser shall make any necessary adjustments to all affected Monthly Certificate(s).

(f) Shared-Loss Payment Clean-up Call.

(i) At any time after the date on which the aggregate remaining unpaid principal balance of the Shared-Loss Loans is reduced to ten percent (10%) of the aggregate unpaid principal balance of the Shared-Loss Loans as of the Closing Date, the Receiver may make a single election, by giving notice in writing to the Purchaser, to make a final cash payment to the Purchaser in settlement of all remaining obligations owed to the Purchaser under this Agreement. The amount of such final cash payment shall be equal to the difference between (x) the value of the Shared-Loss Loans applying the shared-loss protection

provided for in this Agreement and (y) the value of such Shared-Loss Loans without the shared-loss protection, such values to be determined by taking the average of the valuations provided by two independent third party appraisers who are experienced in the valuation of loans similar to the Shared-Loss Loans, one of whom shall be selected by the Receiver and one of whom shall be selected by the Purchaser. Each party shall bear the costs and expenses of the third party appraiser that it selects. After the Receiver makes such final cash payment to the Purchaser, each party shall be relieved of its obligations under this Agreement.

(ii) Notwithstanding anything to the contrary in clause (i) above, the Receiver may, in its sole discretion, after review of the valuations provided by the third party appraisers, by written notice to the Purchaser, elect not to make the final cash payment to the Purchaser, and the Receiver shall not have any obligation to cash-settle its remaining obligations and such obligations shall remain in full force and effect. If the Receiver elects not to make the final cash payment to the Purchaser after the valuation of the third party appraisers has been performed, the costs and expenses of such appraisers shall be borne by the Receiver. Within fifteen (15) days after the value of the Shared-Loss Loans is determined in accordance with Section 2.1(f)(i), the Receiver shall either (a) pay to the Purchaser the final cash payment or (b) deliver a notice of its election not to make the final cash payment.

(g) Payments by Wire-Transfer. All payments under this Agreement shall be made by wire-transfer in accordance with the wire-transfer instructions on Exhibit 4.

2.2 Auditor Report; Right to Audit

(a) Within ninety (90) days after the end of each calendar year during which the Receiver makes any payment to the Purchaser under this Agreement, the Purchaser shall deliver to the Receiver a report signed by its independent public accountants stating that, in the course of their annual audit of the Purchaser's books and records, nothing has come to their attention suggesting that any computations required to be made by the Purchaser during such calendar year pursuant to this Article II were not made by the Purchaser in accordance herewith. In the event that the Purchaser cannot comply with the preceding sentence, it shall promptly submit to the Receiver corrected computations together with a report signed by its independent public accountants stating that, after giving effect to such corrected computations, nothing has come to their attention suggesting that any computations required to be made by the Purchaser during such year pursuant to this Article II were not made by the Purchaser in accordance herewith. In such event, the Purchaser and the Receiver shall make all such accounting adjustments and payments as may be necessary to give effect to each correction reflected in such corrected computations, retroactive to the date on which the corresponding incorrect computation was made.

(b) Not more than once per calendar quarter, the Receiver or the FDIC may perform an audit or audits to determine the Purchaser's compliance with the provisions of this Agreement, including this Article II, by providing not less than ten (10) Business Days' prior written notice. If the Receiver or the FDIC has given the Purchaser prior notice of an audit in accordance with the preceding sentence, the Purchaser shall provide access to pertinent records and proximate working space in the Purchaser's facilities. The scope of the audit shall be limited to the books and records described in Section 2.3 and shall be of reasonable duration. The

Receiver or the FDIC, as the case may be, shall bear the expense of any such audit. In the event that any corrections are necessary as a result of such an audit or audits, the Purchaser and the Receiver shall make such accounting adjustments and payments as may be necessary to give retroactive effect to such corrections.

2.3 Books and Records. The Purchaser shall at all times keep or cause to be kept books and records sufficient to ensure and document compliance with the terms of this Agreement, including but not limited to (a) documentation of alternatives considered with respect to defaulted loans or loans for which default is reasonably foreseeable as set forth in Section 2.1(a), (b) documentation showing the calculation of Loss for claims submitted to the Receiver, (c) retention of documents that support each line item on the Loss claim forms, and (d) documentation with respect to the Recovery Amount on loans for which the Receiver has made a loss-share payment.

2.4 Information. The Purchaser shall promptly provide to the Receiver such other information, including but not limited to financial statements, computations, and bank policies and procedures, relating to the performance of the provisions of this Agreement, as the Receiver may reasonably request from time to time.

2.5 Tax Ruling. The Purchaser shall not at any time, without the Receiver's prior written consent, seek to qualify for any special tax treatment or benefits associated with any payments made by the Receiver pursuant to this Agreement.

2.6 Sale or Assignment of Shared-Loss Loans. The Receiver shall be relieved of its obligations with respect to a Shared-Loss Loan upon payment of a Foreclosure Loss amount, a Short Sale Loss amount or a Charge-Off Loss amount with respect to such Shared-Loss Loan or upon the sale of a Shared-Loss Loan by the Purchaser to an unaffiliated person or entity, provided that, if the Purchaser has received the Receiver's prior written consent to sell a Shared-Loss Loan to an unaffiliated person or entity (which consent may be granted or withheld in the Receiver's sole discretion), any Loan Sale Loss relating thereto may be included in the calculation of the Monthly Shared-Loss Amount hereunder. The Purchaser shall provide the Receiver with timely notice of any such sale. Notwithstanding the foregoing, the Receiver shall not be relieved of its obligations under this Agreement in the case of, and the Purchaser shall be permitted to sell or assign its rights under this Agreement in connection with, (i) any change in the ownership or control of the Purchaser, (ii) a merger by the Purchaser with or into any other entity, (iii) a sale by the Purchaser of all or substantially all of its assets and (iv) any pledge or collateral assignment of rights by the Purchaser of its rights under this Agreement as collateral for any Federal Home Loan Bank financing or other third party financing, or any securitization transaction, with respect to the Shared-Loss Loans that is completed with the prior written consent of the Receiver, which consent shall not be unreasonably withheld provided that there is no monetization by the Purchaser of the assignment of the benefits of this Agreement. In determining whether to grant consent for any transaction referenced in clause (iv) above, the Receiver will consider the equitable allocation of the economic benefits associated with any proposed assignment of the benefits of this Agreement.

ARTICLE III – RULES REGARDING THE ADMINISTRATION OF SHARED-LOSS LOANS

3.1 Agreement with Respect to Administration. The Purchaser shall (and shall cause any of its Affiliates to which the Purchaser transfers any Shared-Loss Loans or shall use reasonable best efforts to cause any third-party servicer to) manage, administer, and collect the Shared-Loss Loans while owned by the Purchaser or any Affiliate thereof during the term of this Agreement in accordance with the rules set forth in this Article III. The Purchaser shall be responsible to the Receiver in the performance of its duties hereunder and shall provide to the Receiver such reports as the Receiver reasonably deems advisable, including but not limited to the reports required by Sections 2.1, 2.2 and 3.3 hereof, and shall permit the Receiver to monitor the Purchaser's performance of its duties hereunder.

3.2 Duties of the Purchaser.

(a) In performance of its duties under this Article III, the Purchaser shall or shall cause any Affiliate or shall use reasonable best efforts to cause any third-party servicer to:

(i) manage and, administer each Shared-Loss Loan in accordance with Purchaser's usual and prudent business and servicing practices and Customary Servicing Procedures;

(ii) exercise its best business judgment in managing, administering and collecting amounts owed on the Shared-Loss Loans;

(iii) use commercially reasonable efforts to maximize recoveries with respect to Losses on Shared-Loss Loans without regard to the effect of maximizing collections on assets held by the Purchaser or any of its Affiliates that are not Shared-Loss Loans;

(iv) retain sufficient staff to perform its duties hereunder; and

(v) comply with the terms of the Guidelines for any Shared-Loss Loans meeting the requirements set forth therein. Subject to the approval of the FDIC, the Purchaser may propose exceptions to the Program for a group of Loans with similar characteristics, with the objectives of (1) minimizing the loss to the Purchaser and the FDIC and (2) maximizing the opportunity for qualified homeowners to remain in their homes with affordable mortgage payments.

(b) Any transaction with or between any Affiliate of the Purchaser with respect to any Shared-Loss Loan including, without limitation, the execution of any contract pursuant to which any Affiliate of the Purchaser will manage, administer or collect any of the Shared-Loss Loans, shall be subject to the prior written approval of the Receiver.

3.3 Shared-Loss Asset Records and Reports. The Purchaser shall establish and maintain such records as may be appropriate to account for the Shared-Loss Loans to enable the Purchaser to prepare and deliver to the Receiver such reports as the Receiver may reasonably

require from time to time regarding the Shared-Loss Loans and the Monthly Certificates required by Section 2.1 of this Agreement.

3.4 Related Loans.

(a) The Purchaser shall use its reasonable best efforts to determine which loans are “Related Loans”, as hereinafter defined. Except as otherwise required by law, the Purchaser shall not manage, administer or collect any “Related Loan” in any manner that would have the effect of increasing the amount of any collections with respect to the Related Loan to the detriment of the Shared-Loss Loan to which such loan is related; provided, that the Purchaser shall not be in breach of this Section 3.4(a) with respect to any actions taken by the Purchaser in compliance with Section 5.20 of the LSA or the Program. A “Related Loan” means any other loan or extension of credit held by the Purchaser at any time on or prior to the end of the Final Shared-Loss Month that is made to a Borrower under a Shared-Loss Loan and is not a Shared-Loss Loan.

(b) The Purchaser shall prepare and deliver to the Receiver with the Monthly Certificates for the calendar months ending June 30 and December 31 a schedule of all Related Loans on the Accounting Records of the Purchaser as of the end of each such semi-annual period.

3.5 Legal Action; Utilization of Special Receivership Powers. The Purchaser shall notify the Receiver in writing (such notice to be given in accordance with Article V below and to include all relevant details) prior to utilizing in any legal action any special legal power or right which the Purchaser derives as a result of having acquired an asset from the Receiver, and the Purchaser shall not utilize any such power unless the Receiver shall have consented in writing to the proposed usage. The Receiver shall have the right to direct such proposed usage by the Purchaser and the Purchaser shall comply in all respects with such direction. Upon request of the Receiver, the Purchaser will advise the Receiver as to the status of any such legal action. The Purchaser shall immediately notify the Receiver of any judgment in litigation involving any of the aforesaid special powers or rights.

ARTICLE IV – PORTFOLIO SALE

4.1 Purchaser Portfolio Sale of Remaining Shared-Loss Loans. The Purchaser shall have the right, subject to the prior written consent of the Receiver, to liquidate for cash consideration all Shared-Loss Loans held by the Purchaser at any time prior to the Termination Date (“Portfolio Sale”). If the Purchaser exercises its option under this Section 4.1, it must give thirty (30) days’ prior notice in writing to the Receiver setting forth the details and schedule for the Portfolio Sale which shall be conducted by means of sealed bid sales to third parties, not including any of the Purchaser’s Affiliates, contractors, or any Affiliates of the Purchaser’s contractors. Sales of Restructured Loans shall be sold in a separate pool from Shared-Loss Loans not restructured. The Receiver will review the Purchaser’s proposed Portfolio Sale in a timely fashion and its prior written consent will not be unreasonably withheld; provided, however, that the Receiver shall be entitled to refuse such consent if the Receiver determines that the Portfolio Loss exceeds an equitable representation of the risk of credit loss on the remaining Shared-Loss Loans. For the avoidance of doubt, no consent of the Receiver shall be required for a Portfolio

Sale with respect to which no Portfolio Loss is claimed, and the Receiver shall be relieved of its obligations under this Agreement with respect to any Portfolio Sale effected without the Receiver's consent.

4.2 Purchaser Liquidation of Remaining Shared-Loss Loans. In the event that the Purchaser does not conduct a Portfolio Sale pursuant to Section 4.1, the Receiver shall have the right, exercisable in its sole and absolute discretion, to require the Purchaser to liquidate for cash consideration, any Shared-Loss Loans held by the Purchaser at any time after the date that is six months prior to the Termination Date. If the Receiver exercises its option under this Section 4.2, it must give notice in writing to the Purchaser, setting forth the time period within which the Purchaser shall be required to liquidate the Shared-Loss Loans. The Purchaser will comply with the Receiver's notice and must liquidate the Shared-Loss Loans as soon as reasonably practicable by means of sealed bid sales to third parties, not including any of the Purchaser's Affiliates, contractors, or any Affiliates of the Purchaser's contractors. The selection of any financial advisor or other third party broker or sales agent retained for the liquidation of the remaining Shared-Loss Loans pursuant to this Section shall be subject to the prior approval of the Receiver, such approval not to be unreasonably withheld, delayed or conditioned.

4.3 Calculation of Sale Gain or Loss. For Shared-Loss Loans that are not Restructured Loans, gain or loss on the sales under Section 4.1 or Section 4.2 will be calculated as the net sale price received by the Purchaser less the unpaid principal balance of the remaining Shared-Loss Loans. For any Restructured Loan sold under Section 4.1 or Section 4.2, gain or loss on sale will be calculated as (a) the net sale price received by the Purchaser less (b) the net present value of estimated cash flows on the Restructured Loan that was used in the calculation of the related Restructuring Loss plus (c) Loan principal payments collected by the Purchaser from the date the Loan was restructured to the date of sale. (See Exhibit 2d for example calculation).

ARTICLE V – LOSS-SHARING NOTICES GIVEN TO RECEIVER AND PURCHASER

All notices, demands and other communications hereunder shall be in writing and shall be delivered by hand, or overnight courier, receipt requested, addressed to the parties as follows:

If to the Receiver, to: Manager, Non-Structured Sales and Asset Management
c/o Federal Deposit Insurance Corporation
550 17th Street, NW (Room F-7014)
Washington, D.C. 20429-0002
Attention: Ralph Malami

with a copy to: Senior Counsel
FDIC Legal Division
Litigation and Resolutions Branch, Receivership Section
Special Issues Unit
3501 Fairfax Drive (Room E-7056)
Arlington, Virginia 22226
Attention: Senior Counsel

With respect to a notice under Section 3.5 of this Agreement, copies of such notice shall also be sent to:

Federal Deposit Insurance Corporation
Legal Division
1910 Pacific Avenue
Dallas, Texas 75201
Attention: Regional Counsel

If to Purchaser, to: 888 East Walnut Street
Pasadena, California 91101-7211
Attention: Steven Mnuchin

with a copy to: Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Attention: Paul E. Glotzer

Such persons and addresses may be changed from time to time by notice given pursuant to the provisions of this Article V. Any notice, demand or other communication delivered pursuant to the provisions of this Article V shall be deemed to have been given on the date actually received.

ARTICLE VI – MISCELLANEOUS

6.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses incurred by a party hereto in connection with this Agreement shall be borne by such party whether or not the transactions contemplated herein shall be consummated.

6.2 Successors and Assigns; Specific Performance. All terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto only; provided, however, that, the Receiver may assign or otherwise transfer this Agreement (in whole or in part) to the FDIC without the consent of the Purchaser. Notwithstanding anything to the contrary contained in this Agreement, except as is expressly permitted in this Section 6.2 or Section 2.6, the Purchaser may not assign or otherwise transfer this Agreement (in whole or in part) without the prior written consent of the Receiver, which consent may be granted or withheld by the Receiver in its sole discretion, and any attempted assignment or transfer in violation of this provision shall be void *ab initio*.

6.3 Governing Law. FEDERAL LAW OF THE UNITED STATES SHALL CONTROL THIS AGREEMENT. TO THE EXTENT THAT FEDERAL LAW DOES NOT SUPPLY A RULE OF DECISION, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. Nothing in this Agreement will require any unlawful action or inaction by either party.

6.4 WAIVER OF JURY TRIAL. EACH OF THE PURCHASER, FOR ITSELF AND ITS AFFILIATES, AND THE RECEIVER HEREBY IRREVOCABLY AND

UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

6.5 Captions. All captions and headings contained in this Agreement are for convenience of reference only and do not form a part of, and shall not affect the meaning or interpretation of, this Agreement.

6.6 Entire Agreement; Amendments. This Agreement, including the Exhibits and any other documents delivered pursuant hereto, embody the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior representations, warranties, offers, acceptances, agreements and understandings, written or oral, relating to the subject matter herein. This Agreement may be amended or modified or any provision hereof waived only by a written instrument signed by both parties or their respective duly authorized agents.

6.7 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid, illegal or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be prohibited, invalid, illegal or unenforceable, and the validity, legality and enforceability of the remainder of such provision and the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

6.8 No Third Party Beneficiary. This Agreement and the Exhibits hereto are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and permitted assigns and there shall be no other third party beneficiaries, and nothing in this Agreement or the Exhibits shall be construed to grant to any other person any right, remedy or claim under or in respect of this Agreement or any provision hereof.

6.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

6.10 Consent. Except as otherwise provided herein, when the consent of a party is required herein, such consent shall not be unreasonably withheld or delayed.

6.11 Rights Cumulative. Except as otherwise expressly provided herein, the rights of each of the parties under this Agreement are cumulative, may be exercised as often as any party considers appropriate and are in addition to each such party's rights under the LSA and any of the Related Agreements or under law. Except as otherwise expressly provided herein, any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of such rights, shall not operate as a waiver or variation of that or any other such right.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Shared-Loss Agreement to be executed as of the day and year first above written.

RECEIVER:

FEDERAL DEPOSIT INSURANCE
CORPORATION AS RECEIVER FOR
INDYMAC FEDERAL BANK, FSB

By: 
Name: Ralph Malami
Title: Manager, Non Structured Sales and
Asset Management

PURCHASER:

ONEWEST BANK, FSB

By: _____
Name: Joshua P. Eaton
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused this Shared-Loss Agreement to be executed as of the day and year first above written.

RECEIVER:

FEDERAL DEPOSIT INSURANCE
CORPORATION AS RECEIVER FOR
INDYMAC FEDERAL BANK, FSB

By: _____
Name:
Title:

PURCHASER:

ONEWEST BANK, FSB

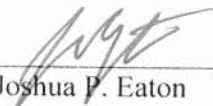
By:  _____
Name: Joshua P. Eaton
Title: Authorized Signatory

EXHIBIT 1A

MONTHLY CERTIFICATE

SEE FOLLOWING PAGE

PART 1 - CURRENT MONTH NET LOSS					
MONTH ENDED:	[input report month]		Specify loss type as Foreclosure, Restructuring, Short-Sale or Charge-Off.		
Losses					
		Loss			
<u>Loan No.</u>	<u>Loss Type</u>	<u>Amount</u>			
Month Loss Amount		XX	A		
PART 2 - FIRST LOSS TEST					
		Col. D	Col. E	Col. D - Col. E	
		Cumulative Loss Amount	First Loss Amount	Cumulative Shared-Loss Amount	
Balance, beginning of month		XX	XX	XX	F
Monthly Loss Amount (from Part 1)		XX			
Balance, end of month		XX	XX	XX	G
Monthly Shared-Loss Amount				XX	G - F
Times Receiver Loss Share Percentage (1)				80%(1)	
Amount due from FDIC as Receiver before Receiver Recoveries				XX	
Less: Receiver Recoveries, from Exhibit 1B				XX	
Net due from (to) FDIC as Receiver				XX	

(1) The Receiver Loss Share Percentage is 80% for Losses under the Stated Threshold and 95% for Losses in excess of the Stated Threshold.

Pursuant to Section 2.1 of the Shared-Loss Agreement, the undersigned hereby certifies the information on this Certificate is true, complete and correct.

OFFICER SIGNATURE: _____

OFFICER NAME: _____

TITLE: _____

EXHIBIT 1B

MONTHLY CERTIFICATE

CURRENT MONTH RECOVERIES

MONTH ENDED: [input report month]

Loss Amount is the amount of Loss incurred and reported on the Loan in a previous month.

Loss Month is the reporting month in which the Loss was reported.

<u>Loan No.</u>	<u>Loss Amount</u>	<u>Loss Month</u>	<u>Loss Share % in Loss Month</u>	<u>Recovery Amount</u>	<u>A x B</u> Receiver Recoveries Due to FDIC
	\$			\$	\$
	\$			\$	\$
	\$			\$	\$
Total Receiver Recoveries					\$ <u> </u> x

EXAMPLE

<u>Loan No.</u>	<u>Loss Amount</u>	<u>Loss Month</u>	<u>Loss Share % in Loss Month</u>	<u>Recovery Amount</u>	Receiver Recoveries Due to FDIC
1001	\$ 10,000.00	Apr-09	0%	\$ 5,000.00	\$ -
1002	\$ 10,000.00	Jun-11	80%	\$ 6,000.00	\$ 4,800.00
1003	\$ 10,000.00	Sep-13	95%	\$ 4,000.00	\$ 3,800.00
Total Receiver Recoveries					<u>8,600.00</u>

EXHIBIT 2a**CALCULATION OF FORECLOSURE LOSS**

Shared-Loss Month:	[input month]			
Loan no.:	[input loan no.]			
Interest paid-to date				
Foreclosure date				
Liquidation date				
Note Interest rate				
<u>Foreclosure Loss calculation</u>				
Loan principal balance after last paid installment	xx			
Accrued Interest	xx	(1)		
Attorney's fees	xx	(2)		
Foreclosure costs, including title search, filing fees, advertising, etc.	xx	}		
Property protection costs, maint. and repairs	xx			
Tax and insurance advances	xx			
Other Advances			(3)	
Appraisal/broker's price opinion fees	xx			
Inspections	xx	}		
Other	xx			
Gross balance recoverable by Purchaser	xx		xx	(A)
<u>Cash Recoveries:</u>				
Net liquidation proceeds (from HUD-1 settl stmt)	xx			
Insurance proceeds	xx			
T & I escrow account balance, if positive	xx			
Other credits, if any (itemize)	xx			
Total cash recovery	xx		xx	(B)
<u>Loss Amount</u>			xx	(A) - (B)
Times 80% (4) (Receiver Loss Share Percentage)		x	80%(4)	
Amount due Purchaser			xx	

(1) Accrued Interest is calculated (a) at the note interest rate that would have been in effect if the loan was performing, and (b) on the principal balance after application of the last payment made by the borrower.

(2) Reasonable and customary third-party attorneys' fees and expenses incurred by Purchaser in connection with any enforcement procedures or otherwise with respect to such mortgage loan.

(3) Purchaser's reasonable and customary out-of-pocket costs paid to either a third-party or an affiliate (if affiliate is pre-approved by the FDIC) for foreclosure, property protection and maintenance costs, repairs, assessments, taxes, insurance and similar items, to the extent not paid from funds in borrower escrow account. Allowable costs are limited to amounts per Freddie Mac or Fannie Mae guidelines, where applicable.

(4) The Receiver Loss Share Percentage is 95% for Losses in excess of the Stated Threshold.

DO NOT INCLUDE late fees, prepayment penalties, or any similar lender fees or charges by the Purchaser to the loan account, any allocation of Purchaser's servicing costs, or any allocations of Purchaser's G&A or other operating costs.

EXHIBIT 2b(i)

CALCULATION OF RESTRUCTURING LOSS

<u>Concept and Definition - Restructuring Loss</u>				
For purposes of loss sharing, losses on restructured loans are calculated as the difference between				
(a) the unpaid principal balance, Accrued Interest and Advances due on the loan prior to restructuring, and				
(b) the Net Present Value (NPV) of estimated cash flows on the restructured loan, discounted at the most recently published Freddie Mac survey rate on 30-year fixed-rate loans at the restructure date.				
The NPV calculations must assume loan prepayment in full at the end of ten years (120 months).				
<u>Form for Calculation - Restructuring Loss</u>				
Shared-Loss Month:	[input month]			
Loan no.:	[input loan no.]			
<u>Loan before Restructuring</u>				
Original Loan amount				
Current Loan unpaid principal balance				
Remaining term				
Interest rate				
Interest paid-to date				
Monthly payment - P&I				
Monthly payment - T&I				
Total monthly payment				
Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)				
<u>Terms of Modified/Restructured Loan</u>				
Closing date on modified/restructured loan				
New Loan unpaid principal balance				
Remaining term				
Interest rate				
Monthly payment - P&I				
Monthly payment - T&I				
Total monthly payment				
Loan type (Fixed-rate, ARM, I/O, Option ARM, negative amortization features, etc.)				
Lien type (1 st , 2 nd)				

If adjustable:				
Initial interest rate				
Term - initial interest rate				
Initial payment amount				
Term - initial payment amount				
Negative amortization?	[Yes/No]			
Rate reset frequency after first adjustment				
Next reset date				
Index				
Margin				
Cap per adjustment				
Lifetime Cap				
Floor				
<u>Restructuring Loss Calculation</u>				
Loan unpaid principal balance before restructuring	xx			
Accrued Interest	xx	(1)		
Tax and insurance advances	xx			
3 rd party fees due	xx			
→				
Total loan balance due before restructuring	<u>XX</u>		<u>XX</u>	(A)
Assumptions for NPV Calculation, Restructured Loan:				
Discount rate for projected cash flows	xx%	(2)		
Loan prepayment in full	120 months			
→				
NPV of projected cash flows (3)	<u>XX</u>		<u>XX</u>	(B)
<u>Restructuring Loss</u>			<u>XX</u>	(A) - (B)
Times 80% (4) (Receiver Loss Share percentage)			<u>80%(4)</u>	
Amount due Purchaser			<u>XX</u>	
<u>Footnotes</u>				
<p>(1) Accrued Interest is calculated (a) at the note interest rate that would have been in effect if the loan was performing, and (b) on the principal balance after application of the last payment made by the borrower.</p> <p>(2) The discount rate to be used is the most recently published Freddie Mac Survey Rate on 30-year fixed-rate loans at the loan restructuring date.</p> <p>(3) If the new loan is an adjustable-rate loan, interest rate resets and related cash flows should be projected based on the index rate in effect at the date of the loan restructuring. If the restructured loan otherwise provides for specified changes in monthly P&I payments over the term of the loan, those changes should be reflected in projected cash flows. Purchaser must retain supporting schedule of projected cash flows by month as required by Section 2.1 of the Shared-Loss Agreement and provide to the FDIC if requested for sample audit.</p> <p>(4) The Receiver Loss Share Percentage is 95% for Losses in excess of the Stated Threshold.</p>				

EXHIBIT 2b(ii)

EXAMPLE - CALCULATION OF RESTRUCTURING LOSS WITH PARTIAL NON-AMORTIZING BALANCE

Concept and Definition - Restructuring Loss

For purposes of loss sharing, losses on restructured loans are calculated as the difference between

(a) the unpaid principal balance, Accrued Interest and Advances due on the loan prior to restructuring, and

(b) the Net Present Value (NPV) of estimated cash flows on the restructured loan, discounted at the most recently published Freddie Mac survey rate on 30-year fixed-rate loans at the restructure date.

The NPV calculations must assume loan prepayment in full at the end of ten years (120 months).

Form for Calculation - Restructuring Loss

Shared-Loss Month: [input month]
Loan no.: [input loan no.]

Loan before Restructuring

Original Loan amount	\$	250,000
Current Loan unpaid principal balance	\$	250,000
Remaining term		360
Interest rate		5%
Interest paid-to date		
Monthly payment - P&I	\$	1,342.05
Monthly payment - T&I		-
Total monthly payment	\$	1,342.05
Loan type (fixed-rate, ARM, I/O, Option ARM, etc.)		

Terms of Modified/Restructured Loan

Closing date on modified/restructured loan		
New Loan non-amortizing principal balance	\$	75,000
New Loan amortizing principal balance	\$	175,000
New Loan total unpaid principal balance	\$	250,000
Remaining term		360
Interest rate		3%
Monthly payment - P&I	\$	737.81
Monthly payment - T&I		
Total monthly payment	\$	737.81
Loan type (Fixed-rate, ARM, I/O, Option ARM, negative amortization features, etc.)		

Lien type (1st, 2nd)

If adjustable:

Initial interest rate
Term - initial interest rate
Initial payment amount
Term - initial payment amount
Negative amortization? [Yes/No]
Rate reset frequency after first adjustment
Next reset date
Index
Margin
Cap per adjustment
Lifetime Cap
Floor

Restructuring Loss Calculation

Loan unpaid principal balance before restructuring	\$ 250,000	
Accrued Interest	- (1)	
Tax and insurance advances	-	
3rd party fees due	-	
Total loan balance due before restructuring	<u>\$ 250,000</u>	→ <u>\$ 250,000.00</u> (A)

Assumptions for NPV Calculation,

Restructured Loan:

Discount rate for projected cash flows 5% (2)
Loan prepayment in full 120 months

NPV of projected cash flows (3) \$ 204,700.07 → \$ 204,700.07 (B)

Restructuring Loss \$ 45,299.93 (A) - (B)

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Receiver Loss Share percentage	0%	80%	95%
Shared loss payment due to Purchaser	\$ -	\$ 36,239.94	\$ 43,034.93

Footnotes

(1) Accrued Interest is calculated (a) at the note interest rate that would have been in effect if the loan was performing, and (b) on the principal balance after application of the last payment made by the borrower.

(2) The discount rate to be used is the most recently published Freddie Mac Survey Rate on 30-year fixed-rate loans at the loan restructuring date, assumed in this example to be 5%.

(3) If the new loan is an adjustable-rate loan, interest rate resets and related cash flows should be projected based on the index rate in effect at the date of the loan restructuring. If the restructured loan otherwise provides for specified changes in monthly P&I payments over the term of the loan, those changes should be reflected in projected cash flows. Purchaser must retain supporting schedule of projected cash flows by month as required by Section 2.1 of the Shared-Loss Agreement and provide to the FDIC if requested for sample audit.

EXHIBIT 2c

CALCULATION OF SHORT-SALE LOSS

Shared-Loss Month:	[input month]			
Loan no.:	[input loan no.]			
Interest paid-to date				
Short payoff date				
Note interest rate				
<u>Short-Sale Loss calculation</u>				
Loan unpaid principal balance	xx			
Accrued Interest	xx	(1)		
Attorneys' fees	xx	(2)		
Tax and insurance advances	xx			
3rd party fees due	xx			
Gross balance recoverable by Purchaser	xx		xx	(A)
Amount accepted in Short-Sale	xx		xx	(B)
<u>Short-Sale Loss</u>			xx	(A) - (B)
Times 80% (3) (Receiver Loss Share Percentage)		x	80% (3)	
Amount due Purchaser			xx	

(1) Accrued interest is limited to 90 days and is calculated (a) at the note interest rate that would have been in effect if the loan was performing, and (b) on the principal balance after application of the last payment made by the borrower.

(2) Reasonable and customary third-party attorneys' fees and expenses incurred by Purchaser in connection with any enforcement procedures or otherwise with respect to negotiation and acceptance of Short-Sale payoff.

(3) The Receiver Loss Share Percentage is 95% for Losses in excess of the Stated Threshold.

DO NOT INCLUDE late fees, prepayment penalties, or any similar lender fees or charges by the Purchaser to the loan account, any allocation of Purchaser's servicing costs, or any allocations of Purchaser's G&A or other operating costs.

EXHIBIT 2d

Shared-Loss Month:		[input month]	
Loan no.:		[input loan no.]	
<u>NOTE</u>			
The calculation of recovery on a loan for which a Restructuring Loss has been paid will only apply if the loan is sold.			
<u>EXAMPLE CALCULATION</u>			
<u>Restructuring Loss Information</u>			
Loan unpaid principal balance before restructuring		\$ 200,000	A
NPV, restructured Loan		165,000	B
Loss on restructured Loan		\$ 35,000	A - B
Times Receiver Loss Share Percentage (3)		80%	
Payment to Purchaser		\$ 28,000	C
<u>Calculation - Recovery amount due to Receiver</u>			
Loan sales price		\$ 190,000	
NPV of restructured Loan at mod date		165,000	
Gain - step 1		25,000	D
PLUS			
Loan unpaid principal balance after restructuring	(1)	200,000	
Loan unpaid principal balance at liquidation date		192,000	
Gain - step 2 (principal collections after restructuring)		8,000	E
Recovery amount		33,000	D + E
Times Receiver Loss Share Percentage (3)		80%	
Recovery due to Receiver		\$ 26,400	F
Net amount paid to Purchaser		\$ 1,600	
<u>Proof Calculation</u>	(2)		
Loan unpaid principal balance		\$ 200,000	G
Principal collections on Loan		8,000	
Sales price for Loan		190,000	
Total collections on Loan		198,000	H
Net loss on Loan		\$ 2,000	G - H
Times Receiver Loss Share Percentage (3)		80%	
Payment to Purchaser		\$ 1,600	
(1) This example assumes that the FDIC Mortgage Loan Modification Program set forth in Exhibit 5 is applied and the loan restructuring does not result in a reduction in the loan principal balance due from the borrower.			

- (2) This proof calculation is provided to illustrate the concept and the Purchaser is not required to provide this with its recovery calculations.
- (3) The Receiver Loss Share Percentage is 95% for Losses in excess of the Stated Threshold.

EXHIBIT 2e

CALCULATION OF CHARGE-OFF LOSS

Shared-Loss Month:	[input month]			
Loan no.:	[input loan no.]			
Lien position				
Unpaid principal balance				
If junior lien, balance of superior liens				
Total debt secured by collateral				
Collateral value				
Excess (shortfall) in collateral value				
Note interest rate				
Interest paid-to date				
Borrower name				
Borrower FICO score				
Number of times 30+ delinquent in past 12 months				
Charge-Off reason				
<u>Charge-Off Calculation</u>				
SHOW ALL CALCULATIONS TO DERIVE THE AMOUNT OF CHARGE-OFF.				
FOR LOSS SHARE PURPOSES, EXPENSES AND CHARGES ARE ONLY ALLOWABLE TO THE EXTENT ALLOWED IN CALCULATION OF FORECLOSURE LOSS				
<u>Charge-Off Loss Amount</u>			xx	
Times 80% (Receiver Loss Share Percentage)		x	<u>80%</u>	
Amount due Purchaser for Receiver Loss Share Amount			<u>xx</u>	

EXHIBIT 3

PORTFOLIO PERFORMANCE AND SUMMARY SCHEDULE

SHARED-LOSS LOANS				
PORTFOLIO PERFORMANCE AND SUMMARY SCHEDULE				
MONTH ENDED:	[input report month]			
<u>POOL SUMMARY</u>				
	<u>#</u>	<u>\$</u>		
Loans at Sale Date	<u>XX</u>	<u>XX</u>		
Loans as of this month-end	<u>XX</u>	<u>XX</u>		
STATED THRESHOLD TRACKING	<u>#</u>	<u>\$</u>		
Stated Threshold amount				A
Cumulative loss payments, prior month				
Loss payment for current month				
Cumulative loss payment, this month				B
Remaining to Stated Threshold				A - B
				Percent of Total
<u>PORTFOLIO PERFORMANCE STATUS</u>	<u>#</u>	<u>\$</u>		<u>#</u>
Current				
30 - 59 days past due				
60 - 89 days past due				
90 - 119 days past due				
120 and over days past due				
In foreclosure				
ORE				
Total				
<u>Memo Item:</u>				
Loans in process of restructuring - total				
Loans in bankruptcy				
Loans in process of restructuring by delinquency status				
Current				
30 - 59 days past due				
60 - 89 days past due				

90 - 119 days past due				
120 and over days past due				
In foreclosure				
Total				
List of Loans Paid Off During Month				
	Principal			
<u>Loan #</u>	<u>Balance</u>			
List of Loans Sold During Month				
	Principal	Sales		
Loan #	<u>Balance</u>	<u>Price</u>		

EXHIBIT 4

WIRE TRANSFER INSTRUCTIONS

(b)(4)



EXHIBIT 5

FDIC MORTGAGE LOAN MODIFICATION PROGRAM

Objective

The objective of this FDIC Mortgage Loan Modification Program (“Program”) is to modify the terms of certain residential mortgage loans so as to improve affordability, increase the probability of performance, allow borrowers to remain in their homes and increase the value of the loans to the FDIC and assignees. The Program provides for the modification of Qualifying Loans (as defined below) by reducing the borrower’s monthly housing debt to income ratio (“DTI Ratio”) to a target of 28%, never to exceed 38%, at the time of the modification and eliminating adjustable interest rate and negative amortization features.

Qualifying Mortgage Loans

In order for a mortgage loan to be a Qualifying Loan it must meet all of the following criteria, which must be confirmed by the lender:

- The collateral securing the mortgage loan is owner-occupied; and
- The mortgagor has a first priority lien on the collateral; and
- Either the borrower is at least 60 days delinquent or a default is reasonably foreseeable.

Modification Process

The lender shall undertake a review of its mortgage loan portfolio to identify Qualifying Loans. For each Qualifying Mortgage Loan, the lender shall determine the net present value (“NPV”) of the modified loan and, if it will exceed the NPV of the foreclosed collateral upon disposition, then the Qualifying Loan shall be modified so as to reduce the borrower’s monthly DTI Ratio to 28% (or to the lowest DTI Ratio higher than 28%, but not to exceed 38%, resulting in a NPV exceeding the foreclosed collateral upon disposition) at the time of the modification. To achieve this, the lender shall use a combination of interest rate reduction, term extension and principal forbearance, as necessary.

The borrower’s monthly DTI Ratio shall be a percentage calculated by dividing the borrower’s monthly housing payment (including principal, interest, taxes and insurance) by the borrower’s monthly income. For these purposes, (1) the borrower’s monthly income shall be the amount of the borrower’s (along with any co-borrowers’) documented and verified gross monthly income, and (2) the borrower’s monthly housing payment shall be the amount required to pay monthly principal and interest plus one-twelfth of the then current annual amount required to pay real property taxes and homeowner’s insurance with respect to the collateral.

In order to calculate the monthly principal payment, the lender shall capitalize to the outstanding principal balance of the Qualifying Loan the amount of all delinquent interest, delinquent taxes, past due insurance premiums, third party fees and (without duplication) escrow advances (such amount, the “Capitalized Balance”).

In order to achieve the goal of reducing the DTI Ratio to 28%, the lender shall take the following steps in the following order of priority with respect to each Qualifying Loan:

1. Reduce the interest rate to the then current Freddie Mac Survey Rate for 30-year fixed rate mortgage loans, and adjust the term to 30 years.
2. If the DTI Ratio is still in excess of 28%, reduce the interest rate further, but no lower than 3%, until the DTI ratio of 28% is achieved.
3. If the DTI Ratio is still in excess of 28% after adjusting the interest rate to 3%, extend the remaining term of the loan by 10 years.
4. If the DTI Ratio is still in excess of 28%, calculate a new monthly payment (the "Adjusted Payment Amount") that will result in the borrower's monthly DTI Ratio not exceeding 28%. After calculating the Adjusted Payment Amount, the lender shall bifurcate the Capitalized Balance into two portions – the amortizing portion and the non-amortizing portion. The amortizing portion of the Capitalized Balance shall be the mortgage amount that will fully amortize over a 40-year term at an annual interest rate of 3% and monthly payments equal to the Adjusted Payment Amount. The non-amortizing portion of the Capitalized Balance shall be the difference between the Capitalized Balance and the amortizing portion of the Capitalized Balance. The lender shall forbear on collecting the non-amortizing portion of the Capitalized Balance, and such amount shall be due and payable only upon the earlier of (i) maturity of the modified loan, (ii) a sale of the property or (iii) a pay-off or refinancing of the loan. No interest shall be charged on the non-amortizing portion of the Capitalized Balance, but repayment shall be secured by a first lien on the collateral.
5. If, under any of the above steps, the NPV of a modification falls short of the NPV of the foreclosed collateral upon disposition, the DTI may be increased to the minimum level where the NPV of the modification exceeds the NPV of the foreclosed collateral upon disposition. However, under no circumstances will the DTI for the modification exceed 38%.

At the end of the five (5) year period, the interest rate on the modified loan shall adjust to the Freddie Mac Survey Rate as of the date of the loan modification, but subject to an annual adjustment cap of one percent (1%) per year. At that time, the monthly amount due by the borrower will also adjust to amortize fully the remaining Capitalized Balance (or, in any case in which the Capitalized Balance was bifurcated, the amortizing portion thereof) over the remaining term of the modified loan.

Additional Modification Terms

In connection with the modification of any Qualifying Loan, the following additional requirements shall apply.

1. The lender shall not charge (and no borrower shall be required to pay) any modification, refinance or other similar fees or points in connection with the modification, nor shall any such fees, costs or charges be capitalized.
2. Unpaid late fees and prepayment penalties otherwise chargeable to the borrower shall be waived.
3. Modified loans shall not include any prepayment penalties.
4. With respect to all loan modifications commenced after September 19, 2009, the lender shall establish an escrow account for the payment of future taxes and insurance premiums. To the extent that the lender has the processes and procedures in place to establish the escrow accounts for modified loans prior to September 19, 2009, the lender will establish such accounts at such earlier date.

Related Junior Lien Mortgage Loans

In cases where the lender holds a junior lien mortgage loan that is collateralized by the same property that collateralizes a Qualifying Loan that is modified as described above, the junior lien mortgage loan shall also be modified to enhance overall affordability to the borrower. At a minimum, the lender shall reduce the interest rate on the junior lien mortgage loan to no more than 2% per annum. Further modifications may be made at the lender's discretion as needed to support affordability and performance of the modified first lien Qualifying Loan.

Amendments

The Program may be modified either (i) by the FDIC, upon written notice to the lender of such modification, or (ii) as proposed by the lender with respect to a group of loans with similar characteristics, if approved in writing by the FDIC.

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EXHIBIT F

(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)





Enhanced Prudential Standards

for Systemically Important Financial Institutions (SIFIs) with
more than \$50bn in consolidated assets

July 2014

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SIFIs Regulatory Requirements Update – Executive Summary

- In the recent years, several regulations implementing the Dodd-Frank Act have been proposed or approved to manage future potential financial crises by setting heightened regulatory expectations, especially for banks with more than \$50bn in average total consolidated assets (based on the four most recent call reports), which are considered Systemically Important Financial Institutions (SIFIs).
- CIT currently has approximately \$48bn in consolidated assets. In anticipation of crossing the SIFI threshold, CIT seeks to prepare itself to comply with these heightened regulatory expectations. Key elements thereof include:

1. **Enhanced Prudential Standards (EPS)** Final Rule:

- **U.S. Basel III Risk-based Capital and Leverage**, although standardized approaches are applicable to all banks >\$500MM (e.g. revised risk weights and capital deductions; higher minimum capital ratios, etc.), banks > \$50bn are further subject to a formal public disclosures and attestation requirement
- **Capital Plan and Stress Testing** (CCAR & DFAST >\$50bn), requires a detailed Capital plan and stress testing over a 9-quarters horizon, to include bank-defined scenarios in addition to regulatory-defined scenarios. Furthermore, more granular data templates will be required to be submitted on a monthly and quarterly basis (in addition to the current annual submission, which will need to be enhanced)
- **Resolution Planning**, requires an annually submitted detailed Resolution Plan, encompassing the company's strategy for its orderly resolution, in the event of financial distress or failure
- **Enhanced Risk Management Requirements**, includes requirements for Risk Committees and the CRO
- **Enhanced Liquidity Risk Management Standards**, includes requirements for liquidity stress tests and a buffer of highly liquid assets based on projected funding needs during a 30-day stress event (consistent with the Basel III Liquidity Coverage Ratio - LCR)
- 15-to-1 debt-to-equity limit for certain U.S. banks designated by the regulators to pose a grave risk to the U.S. financial stability

2. **Volcker Rule**, imposes on all banks restrictions on proprietary trading and covered funds holdings and adds a CEO attestation requirement for banks > \$50bn. Furthermore, quarterly trade metric reporting is required for banks over \$10bn in trading assets

3. **Proposed Liquidity Reporting requirements**, requires granular monthly Liquidity Monitoring Reporting template (quarterly for banks < \$50bn), to be submitted 10 days after period-end, and daily Basel III LCR calculation

- A high level assessment of current CIT state towards these regulations is included in the following slides










Enhanced Risk Management & Risk Committees Requirements

In February 2014, the FRB approved a Final Rule implementing certain Enhanced Prudential Standards (EPS). For U.S. BHCs \geq \$50bn (average total consolidated assets in the four most recent FR Y-9C), the Final Rule incorporates previously issued Final Rules (U.S. Basel III Risk-based Capital and Leverage Final Rule, Capital Plan Final Rule, Company-run and supervisory stress testing requirements), complements the Resolution Planning Final Rule and adds the following new requirements:

- Enhanced Risk Management Requirements (including requirements for Risk Committees and the Chief Risk Officer)
- Enhanced Liquidity Risk Management Standards (including liquidity stress tests, and a buffer of highly liquid assets based on projected funding needs during a 30-day stress event. Complementing and consistent with Basel III Liquidity Coverage Ratio NPR)
- 15-to-1 debt-to-equity limit for a U.S. BHC deemed by the FSOC to pose a grave risk to the U.S. financial stability (180 days time to comply)

The table below presents a high-level conceptual assessment of the current CIT state towards the Enhanced Risk Management Requirements:

Requirements for U.S. BHCs > \$50bn [CIT would need to comply 5 quarters after meeting \$50bn threshold]	CIT State
The Board Risk Committee must:	
• Report directly into BHC Board	
• Receive and review at least quarterly reports from the CRO	
• Be an independent, separate committee dedicated solely to risk management oversight	
A Chief Risk Officer must be appointed, reporting directly to both the Risk Committee and CEO of the company	
• With experience relevant to the particular risks facing the company and commensurate with the BHC's structure, risk profile, complexity, activities and size	
Accountable for:	
• Establishing risk limits and monitoring compliance with such limits	
• Implementing and ongoing compliance with appropriate policies and procedures relating to risk management governance, practices, and risk controls	
• Developing and implementing appropriate processes and systems for identifying and reporting risks, including emerging risks	
• Managing risk exposures and risk controls; monitoring and testing risk controls	
• Reporting risk management issues and emerging risk and ensuring that risk management issues are effectively resolved in a timely manner	
• Receiving compensation and other incentives consistent with providing an objective assessment of the risks taken (and following FRB guidance on Sound Incentive Compensation Policies)	

Enhanced Liquidity Risk Management Requirements

The following tables present a high-level conceptual assessment of the current CIT state towards the enhanced liquidity requirements included in the EPS Final Rule. A detailed gap-assessment would be required to properly identify gaps and remediation activities needed:

Requirements for BHCs > \$50bn [CIT would need to comply 5 quarters after meeting \$50bn threshold]	CIT State
<p>The Board is required to:</p> <ul style="list-style-type: none"> Approve the company's liquidity risk tolerance at least annually and review information from senior management at least semiannually to determine whether the BHC is operating in accordance with its established liquidity risk tolerance Approve and periodically review the liquidity risk management strategies, policies, and procedures established by senior management <p>The Board Risk Committee, or a designated subcommittee, is required to review and approve the contingency funding plan at least annually and whenever the company materially revises the plan</p> <p>Senior Management* is required to:</p> <ul style="list-style-type: none"> Establish and implement strategies, policies, and procedures to effectively manage the company's liquidity risk; oversee the development and implementation of liquidity risk measurement and reporting systems At least quarterly, determine compliance with such policies and procedures (or if changes in market conditions or the liquidity position, risk profile, or financial condition warrant), and establish procedures regarding the preparation of such information Report to the Board or the risk committee regarding the BHC's liquidity risk profile and liquidity risk tolerance at least quarterly Review the cash flow projections required by the Final Rule at least quarterly and approve certain aspects of the liquidity stress testing framework at specified intervals Review and approve new products and business lines and evaluate liquidity costs, benefits, and risks related to each new business line and product that could have a significant effect on the company's liquidity risk profile Annually review the liquidity risk of each significant business line and product <p>BHC must establish and maintain an independent review function (independent of management functions executing funding, but not of risk management) to:</p> <ul style="list-style-type: none"> Review and evaluate, at least annually, the adequacy and effectiveness of the BHC's liquidity risk management process Assess the liquidity risk function compliance with applicable laws, regulations, supervisory guidance, and sound business practices Report material issues to the Board or the Risk committee in writing for corrective action, to the extent permitted by applicable law 	(b)(4) & (8)



Enhanced Liquidity Risk Management Requirements (Cont.)

Requirements for BHCs > \$50bn [CIT would need to comply 5 quarters after meeting \$50bn threshold]	CIT State
<p>Cash Flow Projections</p> <ul style="list-style-type: none"> Produce short-term (DAILY) projections of cash flows from assets, liabilities, and off-balance sheet exposures Produce long-term (MONTHLY) projections of cash flows from assets, liabilities, and off-balance sheet exposures <p>Methodology:</p> <ul style="list-style-type: none"> Include cash flows arising from contractual maturities, intercompany transactions, new business, funding renewals, customer options and other potential events that may impact liquidity Identify and quantify discrete and cumulative cash flow mismatches over these time periods Include sufficient detail to reflect the capital structure, risk profile, complexity, currency exposure, activities, and size of the BHC and analyses by business line, currency or legal entity as appropriate It may be appropriate to produce cash flow projections over time horizons longer than one year to account for long term debt maturities Adequately document cash flow projections methodology (and included assumptions) and submit it to the Board Risk Committee <p>Internal Liquidity Stress Testing (Note: EPS requirements considered in the development of Fed exam remediation activities)</p> <ul style="list-style-type: none"> Run at least Monthly Minimum of 3 scenarios (adverse market condition, idiosyncratic stress, combined market & idiosyncratic, <i>plus others deemed relevant to the BHC</i>) across 4 time horizons (Overnight, 1Mo, 3mo, 12mo, <i>plus any other horizon relevant to the BHC</i>) Apply asset value haircuts (not prescribed); diversified assets used as cash-flow sources; first 30 days of each scenario cannot include Committed Funding facilities Documentation : Liquidity Stress Testing Policies and procedures and Contingency Funding Plan (must include quantitative assessment, liquidity event management process, monitoring and testing involving periodic liquidation of assets) Control and oversight to ensure compliance with the Final Rule, including having the Stress Testing assumptions subject to CRO review and independent review (independent of management functions executing funding, but not of risk management) Establish and maintain limits on potential sources of liquidity risk, including three specified sources of liquidity risk: concentrations of funding by liquidity risk identifiers; amount of liabilities that mature within various time horizons; and off-balance sheet exposures Monitor liquidity risk related to collateral positions, liquidity risk and funding needs across significant legal entities, currencies, and business lines, and intraday liquidity positions Hold a "liquidity buffer" composed of <u>unencumbered highly liquid assets</u> sufficient to meet projected net cash outflows for 30 days over the range of liquidity stress scenarios used in the internal stress testing (in line with Basel III LCR**) 	(b)(4) & (8)

**Note: BIII LCR is based on prescribed cash inflow and outflow rates and assumptions under the standardized supervisory stress scenario, while liquidity buffer is based on the results of the internal liquidity stress testing.



Other Regulations for Banks \geq \$50bn

Regulatory Requirements	CIT State	Estimated Effort (high-level conceptual assessment - not based on a detailed gap analysis)	Regulatory Due Date
Capital Plan Final Rules (CCAR)*		(b)(4) & (8)	If 50bn met after Jan 5 th (average of last 4 quarters), BHC subject to the Rule on Jan 1 of the following calendar year (interpreted as: BHC subject to Stress Testing cycle starting in the fall of that year)
• Capital Plan Document			
• Stress Testing Methodology			
• Baseline Methodology			
• Results Template (A)			
• Data Templates (M,Q)			
Volcker Final Rules			
• <i>Enhanced</i> Compliance with Rule (and CEO Attestation)			July 21 st , 2015**
Resolution Plan Final Rules			July 1 after meeting \$50bn, if at least 270 days
US BIII Capital Final Rule (Standardized)			31 st May, 2015 (for Q1 2015)**
• Pillar 3 Disclosure			
PROPOSED RULE - Basel III Liquidity Coverage Ratio			(PROPOSED) Jan 1 st , 2015
PROPOSED RULE - FR 2052 (b) Liquidity Monitoring Report			(PROPOSED) Jan 10 th , 2014 [July 10 th for banks < \$50bn]

CIT — Confidential Information *In addition to CCAR requirements, enhanced DFAST requirements apply for BHCs over \$50bn

**Due date for BHCs currently above \$50bn. Need to confirm potential extension for BHCs below \$50bn that will meet the threshold.

Basel III Liquidity Coverage Ratio NPR (for BHCs \geq \$50bn)

In October 2013, the FRB released an NPR on the U.S. implementation of the Basel III Liquidity Coverage Ratio (LCR), part of the Basel Committee liquidity standards designed to enhance the ability of banks to withstand liquidity shocks. Finalization is expected late 2014.

BHCs are required to calculate the expected amount of net cash outflow (NCO) over the relevant test period, identifying unencumbered high quality liquidity assets (HQLA) to be held to ensure that 100% of the net cash outflow is covered by HQLA (requirement phased-in over 2 years):

Full LCR applies to Advanced Approaches U.S. BHCs (\geq \$250bn consolidated assets or \geq \$10bn on-balance sheet foreign exposure)

- Requires banks to hold an amount of unencumbered HQLA sufficient to survive a 30-day stress scenario
- NCO based on the largest (peak) net cumulative cash outflow day. Cash inflows capped at 75% of cash outflows

Modified LCR applies to **BHCs \geq \$50bn total consolidated assets**

- Requires banks to hold an amount of unencumbered HQLA sufficient to survive a 21-day stress scenario. Total Net Cash Outflow amount must use 70% (21 days / 30 days = 70%) of each cash outflow and inflow rate (if no contractual maturity date) or on the basis of the maturity occurring within 21 calendar days from a calculation date (if maturity date is specified)
- NCO based on the difference of outflows and inflows at the end of the 21-day period. Cash inflows capped at 75% of cash outflows

Restrictions

- Restrictions apply to the amount of HQLAs held that can count towards the parent banking organization's HQLAs depending on whether the subsidiary is able to transfer excess HQLAs to its parent during times of stress without statutory, regulatory, contractual or supervisory restrictions

Calculation Frequency – (b)(4) & (8)

- Basel III LCR must be calculated at the same time on each business day (calculation time must be selected by written notice to the bank's primary regulator and cannot be changed without written approval). (b)(4) & (8)

From: Michael Lipman
Sent: Monday, July 14, 2014 11:45 AM
To: Jevon Gordon
Subject: FW: Carbon / Oxygen Follow-Up Requests -FRSONLY-
Attachments: [OneWest Bank Summary and Qualitative Assessment.pdf](#)
[2013 EXT Results for DFAST Submission](#)

From: Andre Quezada (FRS)
Sent: Monday, July 14, 2014 9:29 AM
To: John Ricketti (FRS); James Cheatham (FRS); Topaz J Nobles (FRS); Brian Steffey (FRS); Philip Bae (FRS)
Cc: Ivan Hurwitz (FRS); Michael Lipman
Subject: FW: Carbon / Oxygen Follow-Up Requests

Attached are the qualitative DFAST Submission pro forma scenarios and noted below is a description of some of the processes and assumptions made by management.

From: kelly.morrell@cit.com [<mailto:kelly.morrell@cit.com>]
Sent: Thursday, July 10, 2014 8:39 PM
To: Quezada, Andre
Cc: scott.parker@cit.com; Robert.Ingato@cit.com; john.thain@cit.com; nelson.chai@cit.com; lisa.polsky@cit.com
Subject: RE: Carbon / Oxygen Follow-Up Requests

Andre,

I've attached below a few bullets describing the process and assumptions we used to create the pro forma severely adverse stress scenario. I have also included summary documents describing both Carbon's and Oxygen's individual DFAST submissions, which served as a basis for the pro forma scenario

- Individual Stress Test Process
 - a. Carbon and Oxygen each have internal working teams and processes dedicated to stress testing
 - b. I have attached summary and qualitative assessments for each of Carbon's and Oxygen's individual DFAST submissions
 - c. The Carbon and Oxygen individual severely adverse stress tests were used as the basis for preparing a pro forma severely adverse stress test beginning in 2015
 - d. (b)(4) & (8)

(b)(4) & (8)

- Pro Forma Merger Adjustments

a.

(b)(4) & (8)

b.

c.

d.

Regards,
Kelley



OneWest Bank N.A.
2013 Dodd Frank Act Stress Test
("DFAST")

February 28, 2014



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OneWest Bank DFAST

HoldCo DFAST

Methodology and Systems

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Executive Summary

Stress Testing Overview

- Under the Dodd-Frank Act rules, \$10-50 billion banks must assess the potential impact of three macroeconomic scenarios – baseline, adverse, and severely adverse – on their consolidated losses, revenues, balance sheet, and capital.
 - Stress testing this year is based on 9/30/2013 actuals and covers a forecast period of 9 quarters, through Q4 2015.
 - Stress tests must be submitted annually, beginning 3/31/2014.
 - Starting with the 2015 stress test submission some stress testing results must also be made publicly available.
- The Federal Reserve provides macroeconomic data defining these three scenarios:
 - Baseline: A continued moderate economic recovery. The Bank uses the baseline corporate forecast for this scenario.
 - Adverse: A moderate recession combined with interest rates rising.
 - Severely Adverse: A severe recession combined with interest rates falling.
- (b)(4) & (8)

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Executive Summary

Key Assumptions

- This presentation provides internal projections for OneWest Bank and IMB HoldCo under the stressed macroeconomic and market conditions in the BHC Adverse and Severely Adverse scenarios described in detail on the following pages.
- Results presented herein include those capital actions as specified under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA") stress testing rules.
- Results comply with methodologies and instructions provided by the Interagency guidance issued in September 2013*.
- Results presented are estimates and may not reflect the actual impacts to OneWest or IMB HoldCo if such hypothetical scenarios were to occur.
- Risk-weighted assets and capital ratios are calculated on a Basel 1 basis.
- Income statement categories in this document conform to the FRB's definition of Pre-Provision Net Revenue ("PPNR") and classifications of revenue and expense items may differ from OneWest and IMB HoldCo reporting under GAAP.

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*OCC Publication 'Instructions for Preparation of Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$10 Billion to \$50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act. ' of 9/16/2013.



Executive Summary

2014 Supervisory Scenario Overview

The **Baseline Scenario** reflects a continued moderate economic expansion, with annual Real GDP growth between 2% and 3% during the forecast period. Inflation remains low, averaging just over 2% per year, and nominal house prices increase about 3% per year. Short term interest rates remain low during the first three quarters of 2014, then increase 25 basis points per quarter for the remainder of the forecast period. The 10 year Treasury yield increases moderately to 3.8% by the end of the forecast period and BBB credit spreads tighten about 40 basis points.

The **Adverse Scenario** is characterized by a moderate economic recession, with Real GDP falling at a 1-2% annualized rate during the first four forecast quarters. Unemployment rises to 9.3% and remains elevated throughout the stress scenario. Although short term interest rates remain low throughout the adverse scenario, the 10 year Treasury yield increases to 5.8% over the first four quarters, then declines to 5.1% by the end of 2015. House prices drop 14% and the BBB credit spread is up to 150bp wider than the baseline scenario.

The **Severely Adverse Scenario** represents a significant economic downturn, with Real GDP falling almost 5% through 2014. In this scenario unemployment increases to 11.3%, house prices drop 25%, and the Dow Jones Total Stock Market Index falls nearly 50%. Short term interest rates remain low and the 10 year Treasury drops to 1% before increasing to 1.6% by the end of 2015. The BBB credit spread is immediately 300bp wider than the baseline scenario and gradually tightens relative to baseline during the remainder of the forecast period.

Notes:

There are 28 variables provided by the Federal Reserve. The overview above highlights a subset of the scenario variables.

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Executive Summary

Supervisory Scenario Changes

(b)(4) & (8)

. Some scenario changes from 2013 to 2014 are highlighted below:

Severely Adverse Scenario

- In the new scenario, mortgage spread widening occurs more quickly. In our models this results in faster mark to market losses on our fair value assets.
- Long term interest rates fall before recovering somewhat by the end of the forecast period. Long term interest rates do not rise as quickly or as much at the end of the forecast period. In our models this results in more total impairment on our purchased credit-impaired assets.
- House prices decline 25% in 2013, compared with a 20% decline in 2012. This reflects a reversal of some of the improvements seen during 2013.

Adverse Scenario

- In the old scenario, short term interest rates rise quickly and throughout the forecast period, reflecting a sudden rise in US inflation. In 2014, short term interest rates remain low and unchanged. This results in 2014 scenario yield curves that are significantly more steep than the relatively flat curves in the 2013 scenario.
- (b)(4) & (8) .

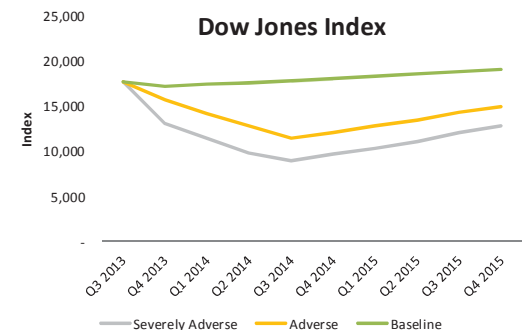
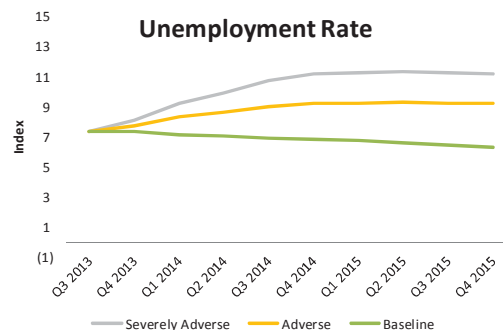
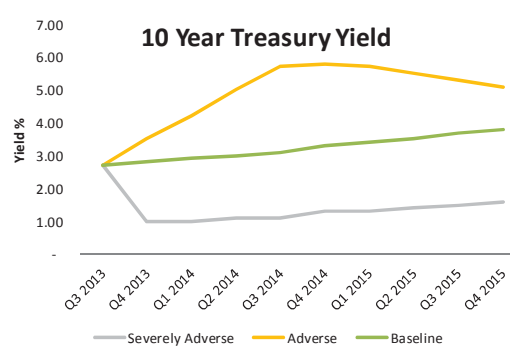
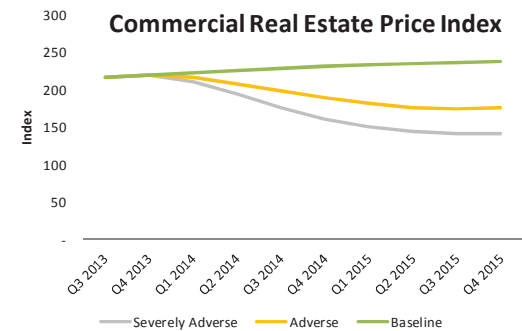
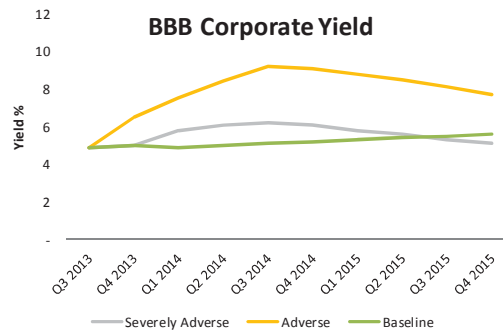
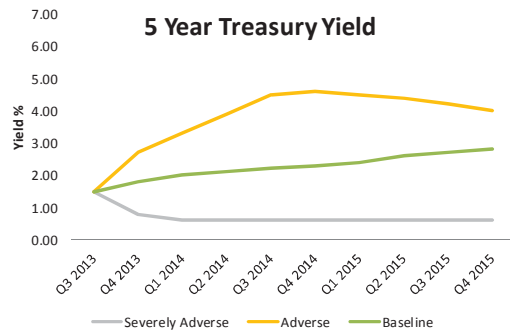
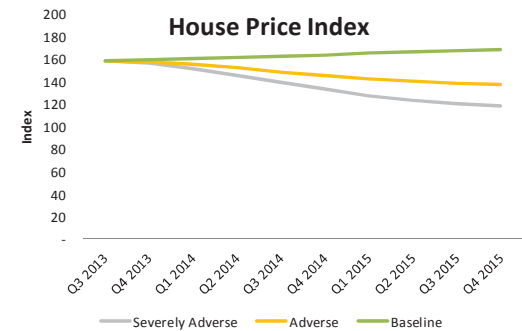
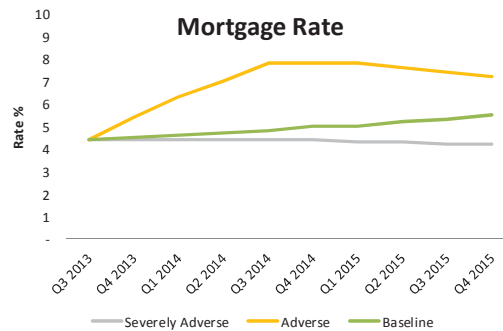
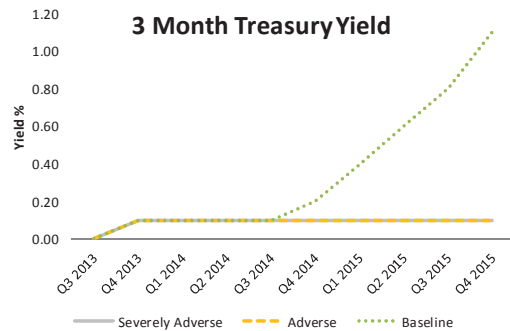
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Executive Summary

Selected Variables in Different Scenarios

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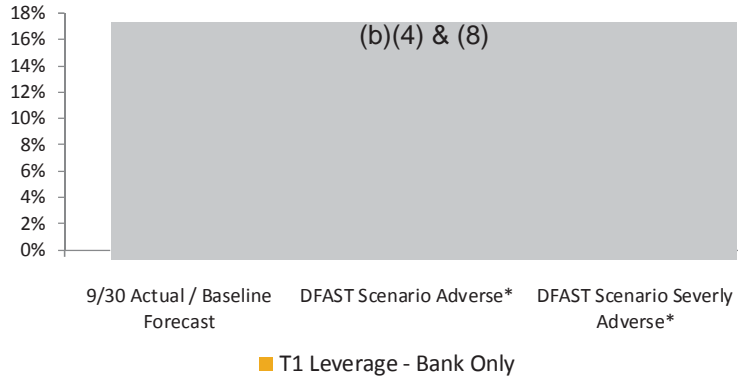




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Summary Results

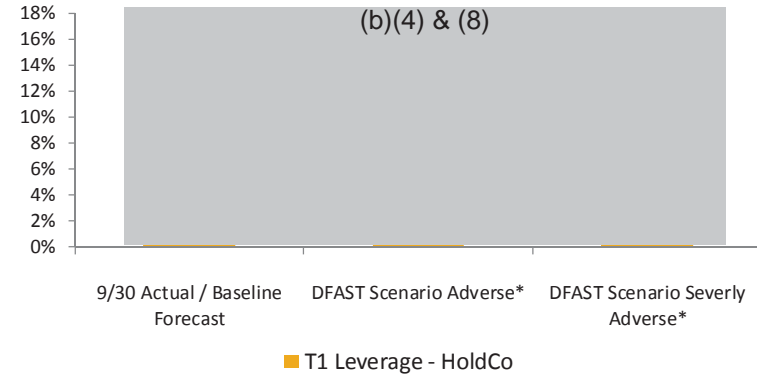
Tier 1 Leverage Ratio: Bank



Mgmt. Limit
Board Limit
Mgmt. Status
Board Status

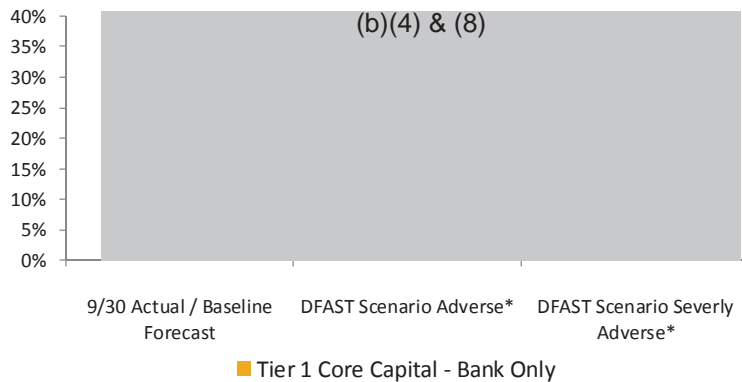
(b)(4) & (8)

Tier 1 Leverage Ratio: HoldCo

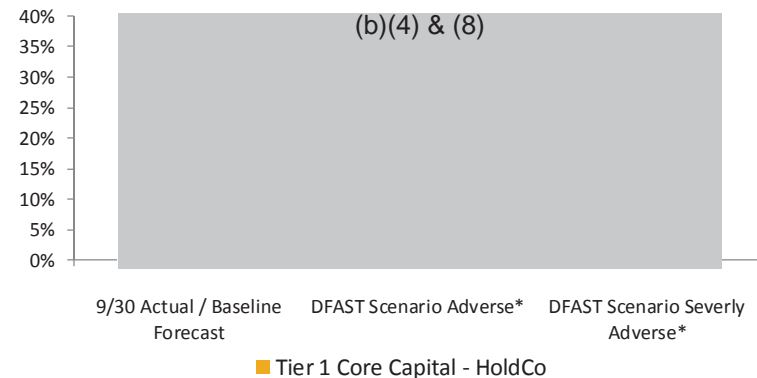


(b)(4) & (8)

Tier 1 Core Capital Ratio: Bank



Tier 1 Core Capital Ratio: HoldCo



*DFAST T1 Leverage and Core Capital ratios reflect minimum for the bank over stressed horizon.

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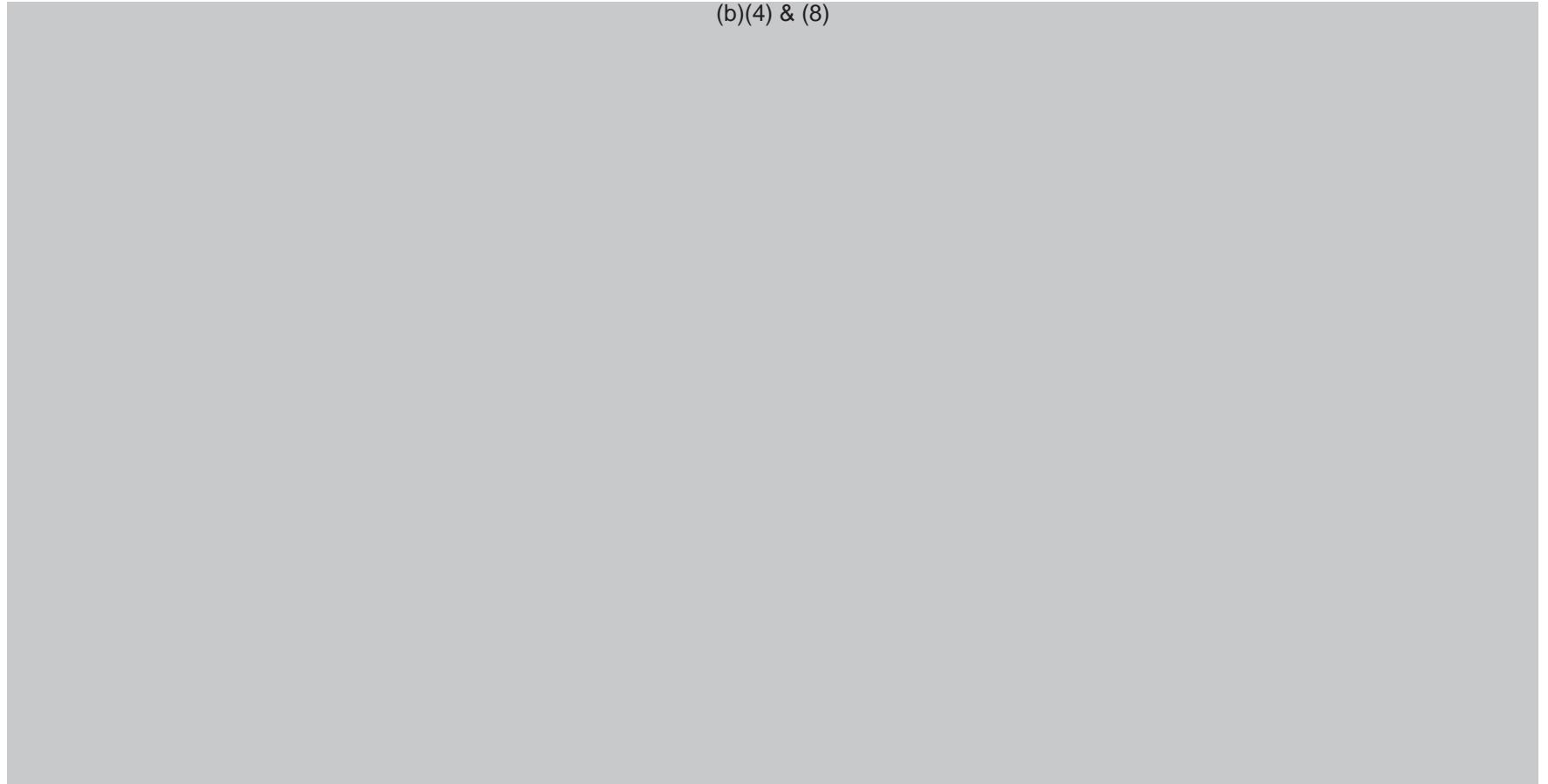
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OneWest Bank DFAST

Q3 2013 DFAST

(b)(4) & (8)



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- Results are reported via the required OCC reporting template as well as OneWest's internal management reports



OneWest Bank DFAST

OneWest Observations

(b)(4) & (8)

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OneWest Bank DFAST

Summary Results

OWB Calculated Capital Ratios

		Adverse		Severely Adverse	
	Q3 2013	Q4 2015	Minimum	Q4 2015	Minimum
Tier 1 Common Ratio		(b)(4) & (8)			
Tier 1 Capital Ratio					
Total Risk-Based Capital Ratio					
Tier 1 Leverage Ratio					

OWB calculated 9-quarter cumulative P&L metrics (Q4 13 - Q4 15)

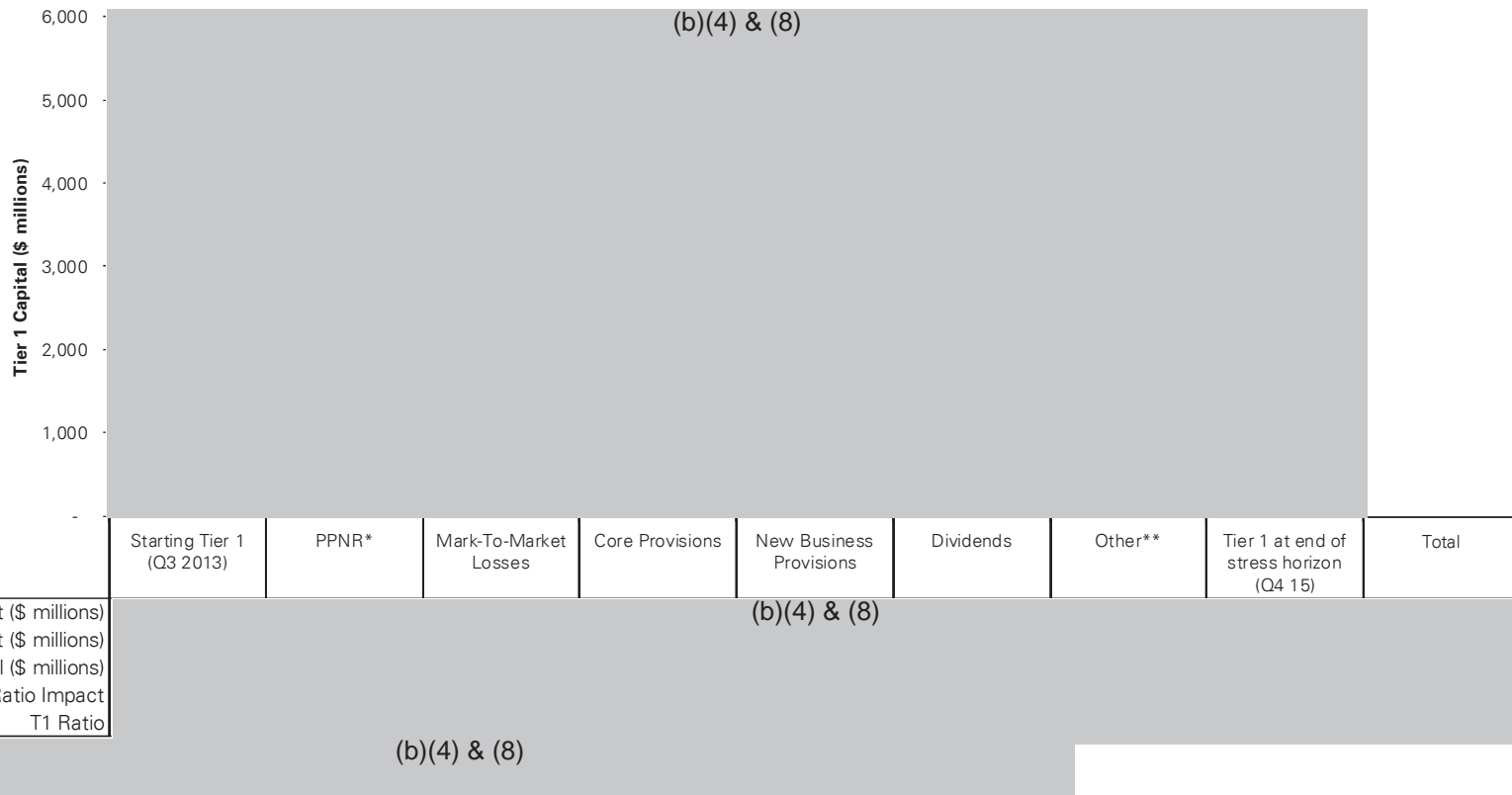
	Baseline (\$mm)	Adverse (\$mm)	Severely Adverse (\$mm)
Pre-Provision Net Revenue ¹	(b)(4) & (8)		
Less:			
Provisions			
Mark-to-Market gains/(losses)			
Equals:			
Net Income Before Taxes			
	(b)(4) & (8)		

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OneWest Bank DFAST

Bank Tier 1 Leverage Ratio Bridge Over 9-Quarter Forecast Adverse Scenario



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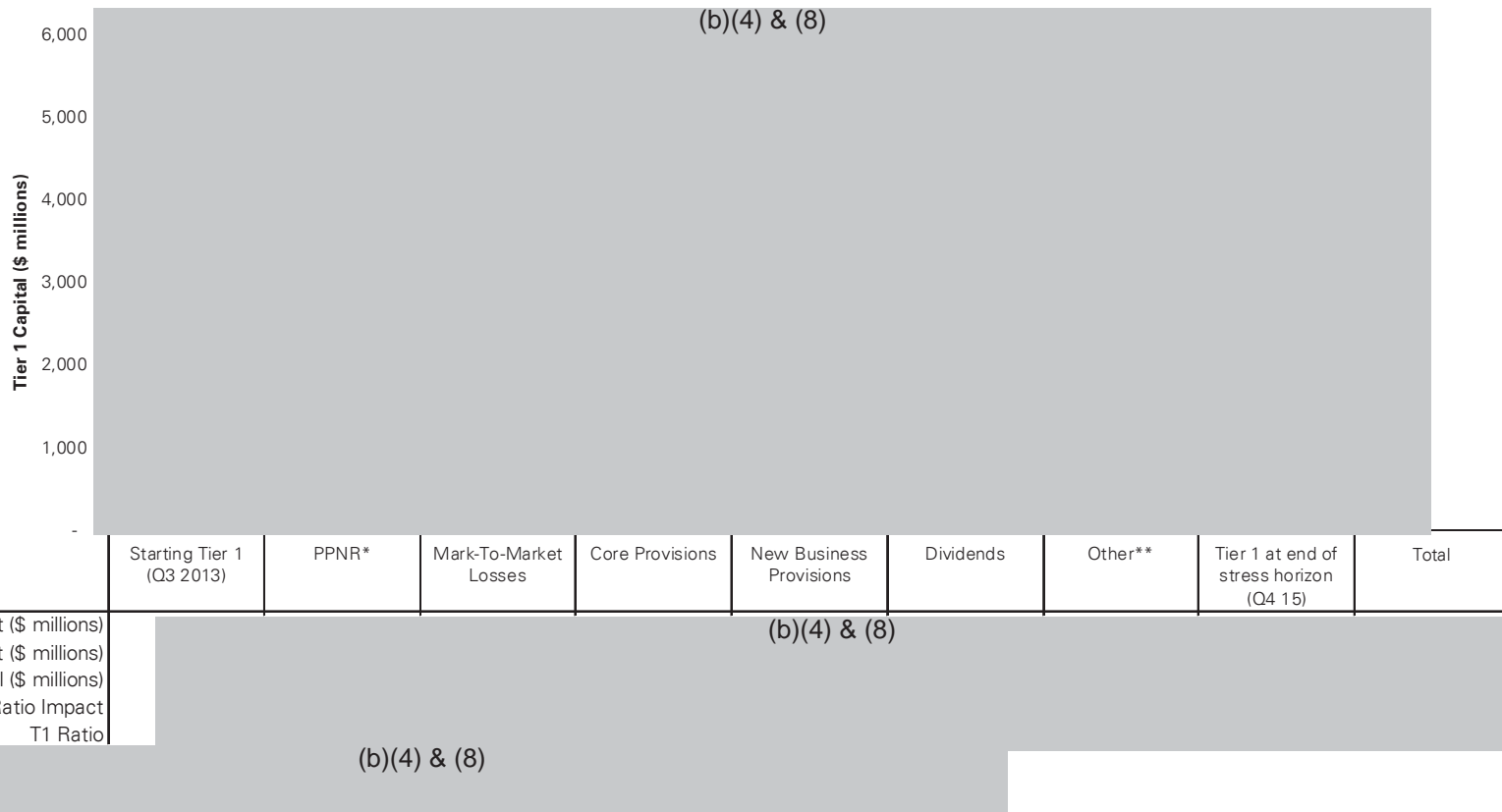
PPNR Components (Pre-tax \$ millions)

Net Interest Income	(b)(4) & (8)
Non-Interest Income (Ex. MTM)	(b)(4) & (8)
Non-Interest Expense (incl. operational losses)	
Total PPNR	



OneWest Bank DFAST

Bank Tier 1 Leverage Ratio Bridge Over 9-Quarter Forecast Severely Adverse Scenario



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PPNR Components (Pre-tax \$ millions)

Net Interest Income	(b)(4) & (8)
Non-Interest Income (Ex. MTM)	(b)(4) & (8)
Non-Interest Expense (incl. operational losses)	
Total PPNR	



OneWest Bank DFAST

Risk Dashboard, Cumulative 9 Quarter Delta from Base Forecast

(values in \$mm)

	Adverse					Severely Adverse						
(values in \$mm)	PPNR	Provisions	Market Risk	Operational Risk	Capital Actions	Total	PPNR	Provisions	Market Risk	Operational Risk	Capital Actions	Total
Core Portfolios	(b)(4) & (8)											
Mortgage Backed Securities												
SFR Fair Value												
SFR Purchase Credit Impaired												
Non-SFR Purchase Credit Impaired												
Wholesale												
Commercial Banking and Specialty Lending												
Commercial Real Estate												
SBA												
Consumer												
Private Banking												
Jumbo SFR												
Credit Cards /Overdraft Lines of Credit												
Deposits (Retail Bank)												
Corporate												
Capital Actions												
Unforeseen Losses												
Other ¹												
Discontinued Ops												
Forward Mortgage Servicing												
Reverse Mortgage Servicing												
Total Pre-Tax Impact												
Total Net Income Impact												
Impact to Tier 1 Leverage Ratio ²												
	(b)(4) & (8)											

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OneWest Bank DFAST

G5 Scenarios

Group 5 Credit Spread Scenarios

As of 9/30/2013, \$ in millions

		A	B	C = A + B		
Instantaneous Credit Spread Stresses ⁽¹⁾		Instantaneous Mark to Market Loss	Additional income over 9 quarter horizon	Pre-Tax Loss over Horizon	Total Impact (After-Tax)	Tier 1 Impact ⁽²⁾
Base e-spread / yield	(b)(4) & (8)			(b)(4) & (8)		
(b)(4) & (8)	(Adverse Scenario)					
(b)(4) & (8)	(Severely Adverse Scenario)					
(b)(4) & (8)	Absolute Yield					
(b)(4) & (8)						

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OneWest Bank DFAST

Delta vs. Baseline Forecast (\$ in millions)
Adverse Scenario

\$ in millions	2014					2015				
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Cum.
OneWest Bank Base Net Income	(b)(4) & (8)									
Impact of Stressed:										
PPNR Components:										
Market Risk										
Operational Risk										
Other PPNR										
Total PPNR										
Core Provisions										
New Business Provisions										
Subtotal of Stresses										
Tax Impact										
OneWest Bank Stressed Net Income										
Delta - \$										
Delta - %										
Bank Only:										
Base Case Equity										
Less:										
Net Income Loss from Stressed Income ¹										
Incremental Cum. Capital Actions										
Stressed Equity										
Base Tier 1 Leverage										
Stressed Tier 1 Leverage										
Delta %										

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OneWest Bank DFAST

Delta vs. Baseline Forecast (\$ in millions)

Severely Adverse Scenario

\$ in millions	2014					2015					Cum.
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015		
OneWest Bank Base Net Income	(b)(4) & (8)										
Impact of Stressed:											
PPNR Components:											
Market Risk											
Operational Risk											
Other PPNR											
Total PPNR											
Core Provisions											
New Business Provisions											
Subtotal of Stresses											
Tax Impact											
OneWest Bank Stressed Net Income											
Delta - \$											
Delta - %											
Bank Only:											
Base Case Equity											
Less:											
Net Income Loss from Stressed Income ¹											
Incremental Cum. Capital Actions											
Stressed Equity											
Base Tier 1 Leverage											
Stressed Tier 1 Leverage											
Delta %											

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OneWest Bank DFAST

Overview of Business Activities and Key Risks

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	Business Activities	Key Risks
Consumer Banking	<ul style="list-style-type: none">▪ Deposit Branches▪ Mortgage Banking▪ Cards (Prepaid and Credit)	(b)(4) & (8)
Wholesale Banking	<ul style="list-style-type: none">▪ Specialty Lending▪ Commercial Real Estate▪ Commercial Banking▪ Private Banking / Advisory▪ SBA Lending▪ Deposit & Payment Solutions	
Core Assets	<ul style="list-style-type: none">▪ Mortgage Backed Securities Portfolio▪ SFR – Fair Value assets▪ SFR – Purchase Credit Impaired Assets▪ Non-SFR – Purchase Credit Impaired Assets▪ Associated Indemnification Assets	
Servicing	<ul style="list-style-type: none">▪ Forward Mortgage Servicing▪ Direct Mortgage Lending▪ Financial Freedom (Reverse Mortgage Lending)	



OneWest Bank DFAST

Pre-Provision Net Revenue (PPNR)

Scope

- Represents total net revenue less noninterest expense; includes operational losses and excludes credit costs

Approach

Types of risks identified and captured

Methodologies

Potential Limitations

(b)(4) & (8)

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Note: Regulatory definition of PPNR includes mark to market losses; PPNR on DFAST reporting template includes mark to market losses or "market risk" as defined on Page 15 – Market Risk.



OneWest Bank DFAST

Provision for Loan and Lease Losses

Scope

- Represents credit losses in OWB's consumer, wholesale, and certain core loan portfolios
- Accounting treatments taken into consideration to model provisions

Approach

Types of risks identified and captured

Methodologies

Potential Limitations

(b)(4) & (8)

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OneWest Bank DFAST

Market Risk

Scope

- Capture sensitivity to changes in interest rates
- Capture price movement on fair value assets due to credit spreads (Group 5 and associated swaps, MBS Portfolio)

Approach

(b)(4) & (8)

Types of risks identified and captured

Methodologies

Potential Limitations

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Note: Regulatory definition of PPNR includes mark to market losses; PPNR on DFAST reporting template includes mark to market losses or "market risk" as defined on this slide.



OneWest Bank DFAST

Interest Rate Risk Sensitivity

-
-
-
-

(b)(4) & (8)

12/31/2013 One Year Summary

Scenario	Jan-14 - Dec-14 (E)	NII Change from Base	Board	Board	Compliance	Jan-14 - Dec-14	NI Change from Base	Board	Board	Compliance
	Net Interest Income	Case	Limit (-)	Notification		(E)	Case	Limit (-)	Notification	
\$ in millions	Pre-Tax	\$ %		(+)		Post-Tax	\$ %		(+)	
Base MC	(b)(4) & (8)									
Adverse										
Severely Adverse										

12/31/2013 Two Year Summary (pro forma)

Scenario	Jan-14 - Dec-15 (E)	NII Change from Base	Board	Board	Jan-14 - Dec-15	NI Change from Base	Board	Board	Jan-14 - Dec-15	NI Change from Base	Board	Board
	Net Interest Income	Case	Limit (-)	Notification	Compliance	Net Income	Case	Limit (-)	Notification	Compliance	Limit (-)	Notification
\$ in millions	Pre-Tax	\$ %		(+)		Post-Tax	\$ %					
Base MC	(b)(4) & (8)											
Adverse												
Severely Adverse												

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OneWest Bank DFAST

Capital Plan

Bank to HoldCo

\$ in 000's

Base

Adverse

Delta to Base

Severely Adverse

Delta to Base

Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Total
---------	---------	---------	---------	---------	---------	---------	---------	---------	-------

(b)(4) & (8)

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OneWest Bank DFAST

Contingent Capital Plan

2014 OneWest Bank – Capital Contingency Plan	\$ Million Impact (annual)										Capital Ratio Basis Point Impact					Annual Earnings Impact	Time to Complete	Execution Risk	Notes
	Pre-Tax Income	Net Income	NI Avail to Comm	Tier I Common	Tier I	Tangible Common	Total Assets	RWA	Bank Liquidity	HoldCo Liquidity	Liability Paydown	Tier I Common	Tier I	Tier I Leverage	Total RBC				
(b)(4) & (8)	(b)(4) & (8)										(b)(4) & (8)								



G5 DFAST Adverse

(b)(4) & (8)

(b)(4) & (8)

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G5 DFAST Severely Adverse

(b)(4) & (8)

(b)(4) & (8)

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HoldCo DFAST

Overview

- The following slides show stress testing results in the adverse and severely adverse scenarios for IMB HoldCo.

- (b)(4) & (8)
-



HoldCo DFAST

Summary Results

OWB HoldCo Calculated Capital Ratios

	Q3 2013	Adverse		Severely Adverse	
		Q4 2015	Minimum	Q4 2015	Minimum
Tier 1 Common Ratio	(b)(4) & (8)				
Tier 1 Capital Ratio	(b)(4) & (8)				
Total Risk-Based Capital Ratio	(b)(4) & (8)				
Tier 1 Leverage Ratio	(b)(4) & (8)				

OWB HoldCo calculated 9-quarter cumulative P&L metrics (Q4 13 - Q4 15)

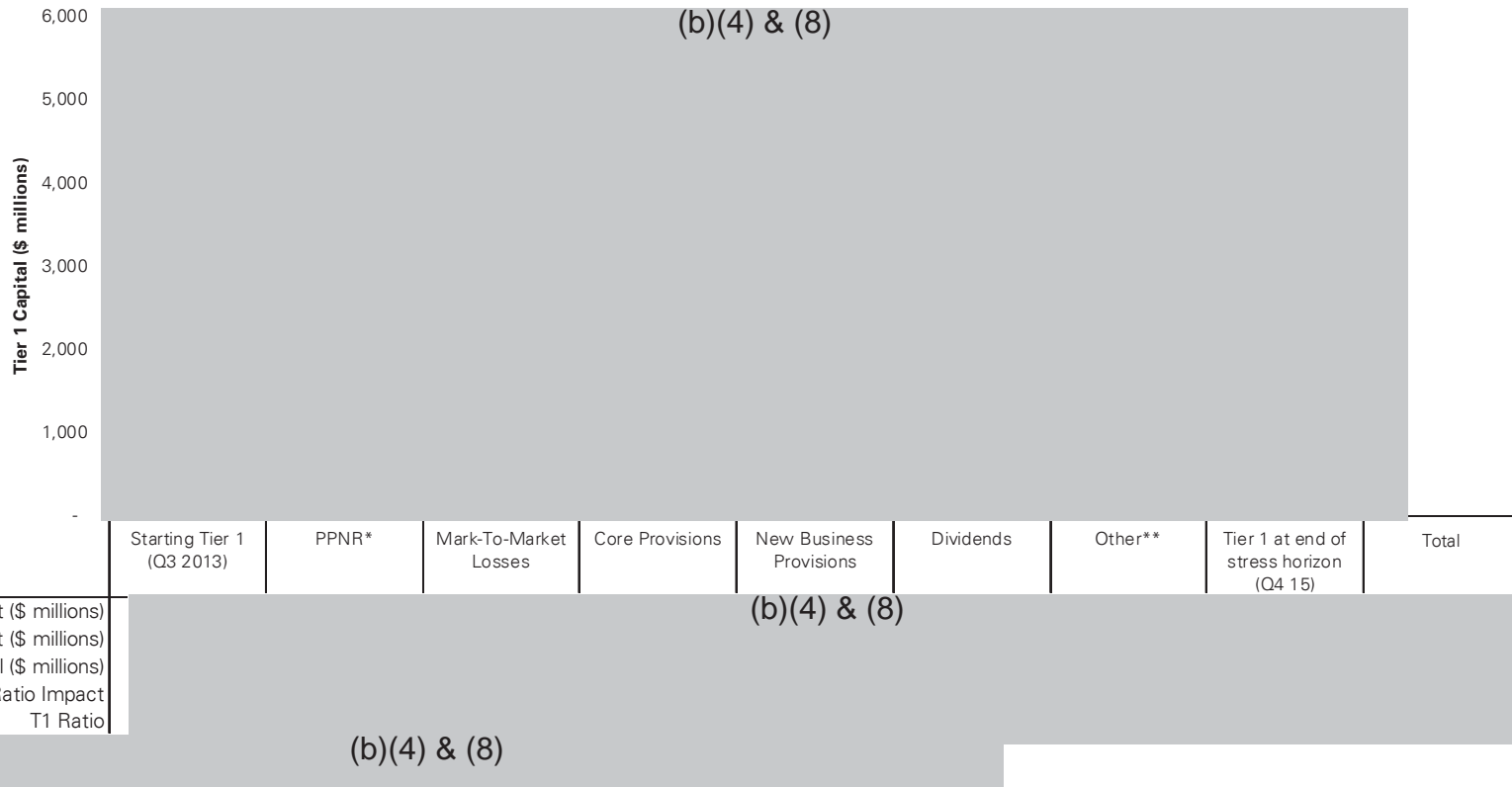
	Baseline (\$mm)	Adverse (\$mm)	Severely Adverse (\$mm)
Pre-Provision Net Revenue ¹	(b)(4) & (8)		
Less:			
Provisions			
Mark-to-Market gains/(losses)			
Equals:			
Net Income Before Taxes			
	(b)(4) & (8)		

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HoldCo DFAST

Bank Tier 1 Leverage Ratio Bridge Over 9-Quarter Forecast Adverse Scenario



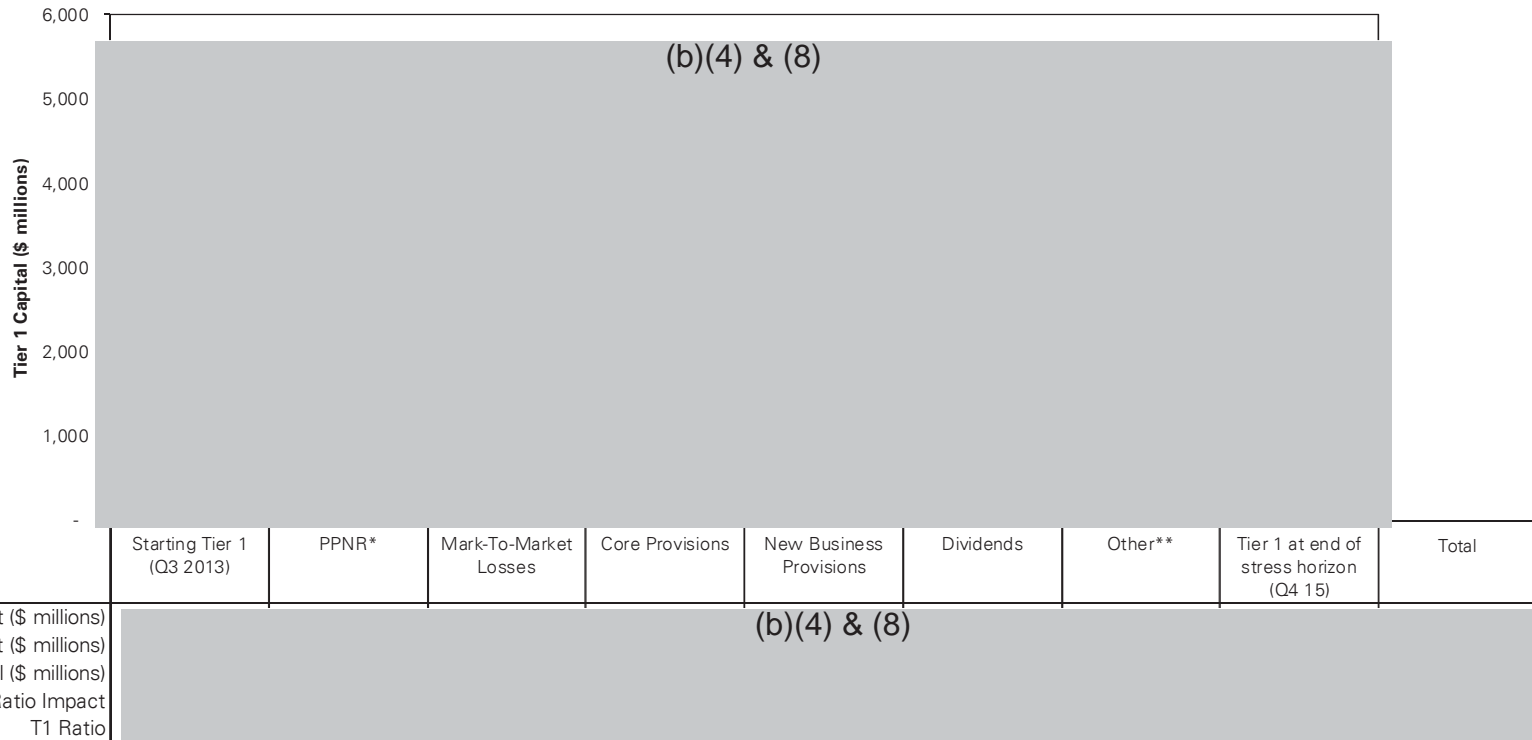
PPNR Components (Pre-tax \$ millions)	
Net Interest Income	(b)(4) & (8)
Non-Interest Income (Ex. MTM)	(b)(4) & (8)
Non-Interest Expense (incl. operational losses)	
Total PPNR	

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HoldCo DFAST

Bank Tier 1 Leverage Ratio Bridge Over 9-Quarter Forecast Severely Adverse Scenario



(b)(4) & (8)

PPNR Components (Pre-tax \$ millions)

Net Interest Income	(b)(4)
Non-Interest Income (Ex. MTM)	& (8)
Non-Interest Expense (incl. operational losses)	
Total PPNR	

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HoldCo DFAST

Risk Dashboard, Cumulative 9 Quarter Delta from Base Forecast

(values in \$mm)

	Adverse					Severely Adverse						
(values in \$mm)	PPNR	Provisions	Market Risk	Operational Risk	Capital Actions	Total	PPNR	Provisions	Market Risk	Operational Risk	Capital Actions	Total
Core Portfolios	(b)(4) & (8)											
Mortgage Backed Securities												
SFR Fair Value												
SFR Purchase Credit Impaired												
Non-SFR Purchase Credit Impaired												
Wholesale												
Commercial Banking and Specialty Lending												
Commercial Real Estate												
SBA												
Consumer												
Private Banking												
Jumbo SFR												
Credit Cards / Overdraft Lines of Credit												
Deposits (Retail Bank)												
Corporate												
Capital Actions												
Unforeseen Losses												
Other ¹												
Discontinued Ops												
Forward Mortgage Servicing												
Reverse Mortgage Servicing												
Total Pre-Tax Impact												
Total Net Income Impact												
Impact to Tier 1 Leverage Ratio ²												
	(b)(4) & (8)											

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HoldCo DFAST

Delta to Baseline Forecast (\$ in millions)

Adverse Scenario

\$ in millions	2014				2015					
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Cum.
OneWest Bank Base Net Income	(b)(4) & (8)									
Impact of Stressed:										
PPNR Components:										
Market Risk										
Operational Risk										
Other PPNR										
Total PPNR										
Core Provisions										
New Business Provisions										
Subtotal of Stresses										
Tax Rate										
Tax Impact										
OneWest Bank Stressed Net Income										
Delta - \$										
Delta - %										
Bank Only:										
Base Case Equity										
Less:										
Net Income Loss from Stressed Income ¹										
Incremental Cum. Capital Actions										
Stressed Equity										
Base Tier 1 Leverage										
Stressed Tier 1 Leverage										
Delta %										
HoldCo:										
Base Case Equity										
Less:										
Net Income Loss from Stressed Income ¹										
Incremental Capital Actions										
Stressed Equity										
Base Tier 1 Leverage										
Stressed Tier 1 Leverage										
Delta %										
	(b)(4) & (8)									

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HoldCo DFAST

Delta to Baseline Forecast (\$ in millions)

Severely Adverse Scenario

\$ in millions	2014				2015					
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Cum.
OneWest Bank Base Net Income	(b)(4) & (8)									
Impact of Stressed:										
PPNR Components:										
Market Risk										
Operational Risk										
Other PPNR										
Total PPNR										
Core Provisions										
New Business Provisions										
Subtotal of Stresses										
Tax Rate										
Tax Impact										
OneWest Bank Stressed Net Income										
Delta - \$										
Delta - %										
Bank Only:										
Base Case Equity										
Less:										
Net Income Loss from Stressed Income ¹										
Incremental Cum. Capital Actions										
Stressed Equity										
Base Tier 1 Leverage										
Stressed Tier 1 Leverage										
Delta %										
HoldCo:										
Base Case Equity										
Less:										
Net Income Loss from Stressed Income ¹										
Incremental Capital Actions										
Stressed Equity										
Base Tier 1 Leverage										
Stressed Tier 1 Leverage										
Delta %										

(b)(4) & (8)

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HoldCo DFAST

Capital Plan

Summary of Dividends

\$ in 000's

Base

Bank to HoldCo

HoldCo to Investors

HoldCo Cash

Adverse

Bank to HoldCo

HoldCo to Investors

HoldCo Cash

Cash Delta to Base

Severely Adverse

Bank to HoldCo

HoldCo to Investors

HoldCo Cash

Cash Delta to Base

Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Total
---------	---------	---------	---------	---------	---------	---------	---------	---------	-------

(b)(4) & (8)

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HoldCo DFAST

Contingent Capital Plan

2014 OneWest Bank + HoldCo -- Capital Contingency Plan		\$ Million Impact (annual)										Capital Ratio Basis Point Impact					Annual Earnings Impact	Time to Complete	Execution Risk	Notes
	Pre-Tax Income	Net Income	NI Avail to Comm	Tier I Common	Tier I	Tangible Common	Total Assets	RWA	Bank Liquidity	HoldCo Liquidity	Liability Paydown	Tier I Common	Tier I	Tier I Leverage	Total RBC	Tangible Common				
(b)(4) & (8)		(b)(4) & (8)										(b)(4) & (8)								

Note: Balance sheet data as of December 31, 2014 based on the Base forecast. Capital ratio impact based on September 30, 2013 capital ratios.



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Methodology and Systems

Methodology and Mapping

	Methodology					
	Portfolio	Default	Severity / LGD	Mark-to-market / Interest Income	Analytics Engine	Undrawn Commitment Exposure
	(b)(4) & (8)					
SFR						
Non-SFR						

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Methodology and Systems

Stress Testing Workflow

(b)(4) & (8)

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Methodology and Systems

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A large blue triangle is positioned in the top left corner of the slide, pointing towards the bottom right.

Enterprise Stress Test Results & Methodology

Year End 2013 DFAST Submission

February 2014

Executive Summary

❖ What are our results – Consolidated and CIT Bank?

- Ending Tier 1 Capital ratios by scenario versus base plan?
- How far did equity capital drop versus base plan?

(b)(4) & (8)

- How did risk-weighted assets change versus base plan?
- How did our liquidity profile hold up under stress?

❖ What were the key assumptions driving the results?

- How did we model credit losses under stress?
- How severe are our credit losses versus history?
- How did we model Op Lease rent under stress?
- (b)(4) & (8)
- What were our liquidity assumptions?

❖ How do our results compare to peers?

❖ Where are our challenges?

What Are Our Results? – Consolidated CIT

(9/30/13 position data, December 2013 Plan)

Scenario	Scenario Severity	Key Metrics	Ending Tier 1 Common	Drop from T1C =16.7%	Change to Equity	Loss Provisions	Change in RWA from Q3 2013
★ BHC (Fed) Baseline – FP&A Plan December 2013 FP&A Update	57.4%	GDP : +2.9% BBB Sp: 200bp Unempl: 7.1%	(b)(4) & (8)				
★ Fed 2013 Adverse Loss and PPNR based on the CCAR 2013 Adverse Scenario	86.5%	GDP : -2.1% BBB Sp: 350bp Unempl: 9.3%					
★ Fed 2013 Severely Adverse Losses and PPNR based on CCAR 2013 Severely Adverse scenario	97.2%	GDP : -6.1% BBB Sp: 510bp Unempl: 11.3%					
C-Stress (w/ add-on Air Stress) Loss and PPNR based on the S4 scenario with additional BBB stress. Includes idiosyncratic Air Stress.	94.9%	GDP : -4.9% BBB Sp: 518bp Unempl: 11.6%					
2001 Period Match Losses based on 2001 transition matrices, PPNR based on C-Stress	73.0%	GDP : -1.3% BBB Sp: 337bp Unempl: 5.8%					
2008 Period Match Losses based on 2008 transition matrices, PPNR based on C-Stress	86.2%	GDP : -8.9% BBB Sp: 558bp Unempl: 9.9%					
Retail Stress Loss and PPNR based on the S4 scenario with additional defaults based on large Trade Customer Exposures	94.9%	GDP : -4.9% BBB Sp: 518bp Unempl: 11.6%					

GDP: QoQ Change (annualized)
BBB Spread: Widest level
Unemployment: Peak, If declining, then avg. was used.

★ Submitted with Capital Plan, C-Stress will not be submitted with DFAST submission



What Are Our Results? – CIT Bank

(9/30/13 position data, December 2013 Plan)

Scenario	Scenario Severity	Key Metrics	Ending Tier 1 Common	Drop from T1C =18.5%	Change to Equity	Loss Provisions	Change in RWA from Q3 2013
★ BHC (Fed) Baseline – FP&A Plan December 2013 FP&A Update	57.4%	GDP : +2.9% BBB Sp: 200bp Unempl: 7.1%	(b)(4) & (8)				
★ Fed 2013 Adverse Loss and PPNR based on the CCAR 2013 Adverse Scenario	86.5%	GDP : -2.1% BBB Sp: 350bp Unempl: 9.3%					
★ Fed 2013 Severely Adverse Losses and PPNR based on CCAR 2013 Severely Adverse scenario	97.2%	GDP : -6.1% BBB Sp: 510bp Unempl: 11.3%					
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GDP: QoQ Change (annualized)
BBB Spread: Widest level
Unemployment: Peak, If declining, then avg. was used.

★ Included with DFAST submission



Capital Levels

Under the Supervisory Severely Adverse Scenario, CIT and CIT Bank remain well capitalized.

CIT Entity	Starting Tier 1 Common	Post-Stress Capital Limit	Fed Sev. Adverse 12/31/2015	Buffer Above Post-Stress Limit	Ending Capital Zone
CIT Consolidated	(b)(4) & (8)				
CIT Bank	(b)(4) & (8)				

Green Zone

- Capital required to support business strategy and related risk-reward considerations
- Characterizes CIT & CIT Bank's business as usual level of capital
- Capital optimization is the main goal

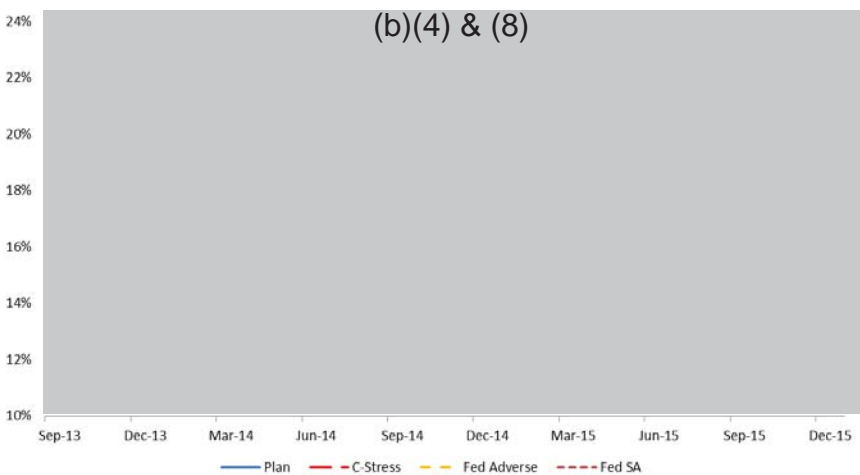
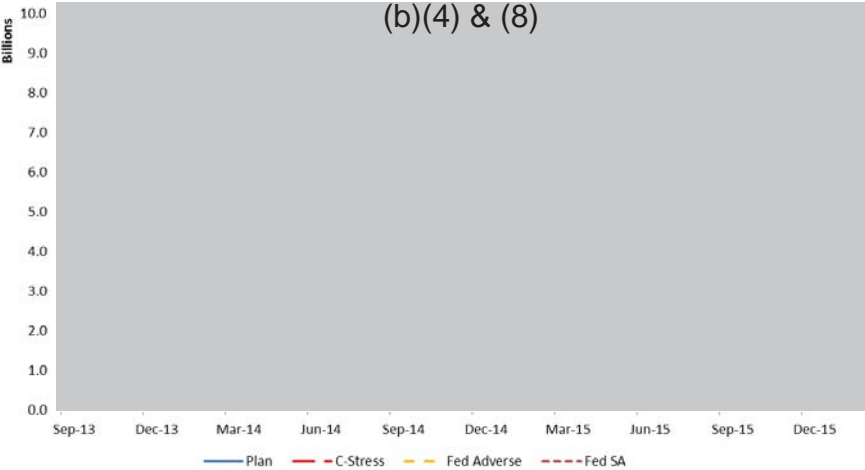
Yellow Zone

- Characterizes buffer required to avoid breaching red zone under severely adverse economic scenarios
- Pre-stress limit is above Basel III minimum

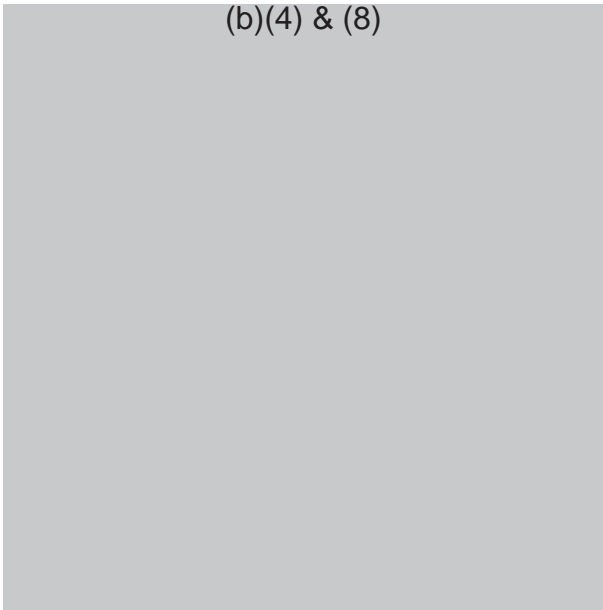
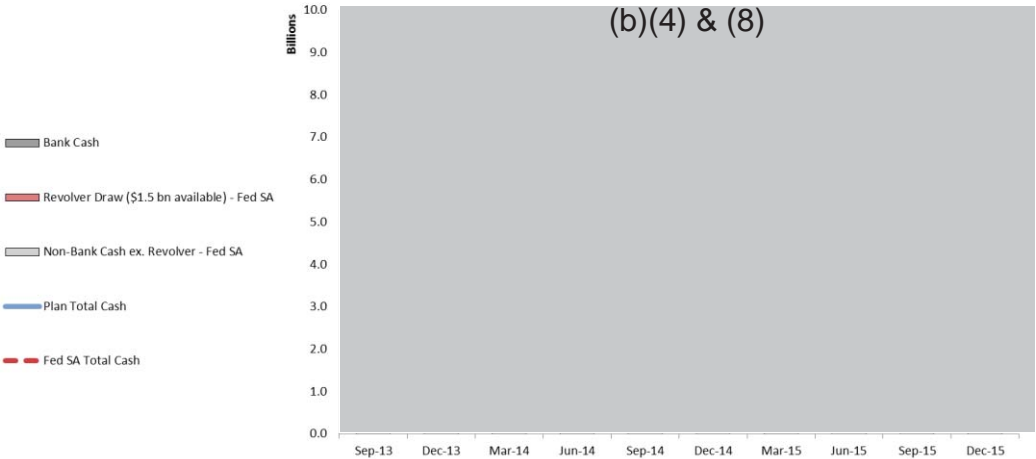
Red Zone

- Characterizes the minimum acceptable level of capital in a stress scenario
- Represents the threshold that should not be breached in stress scenario with CIT and CIT's respective risk appetites, including under the supervisory stress scenarios
- Includes additional buffer of the regulatory minimum ratio

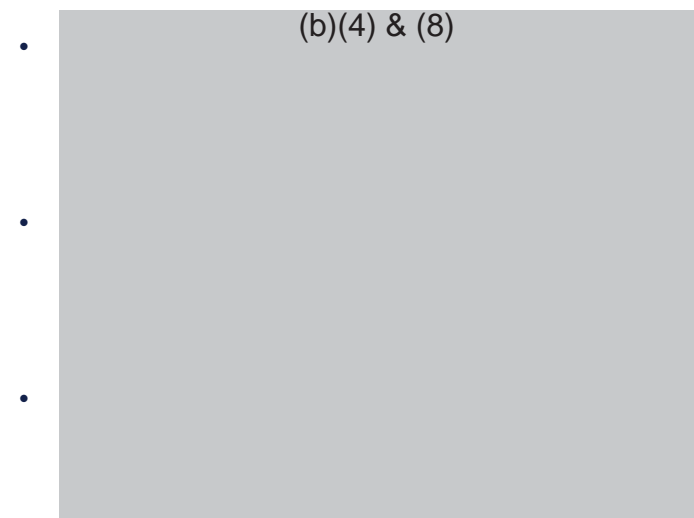
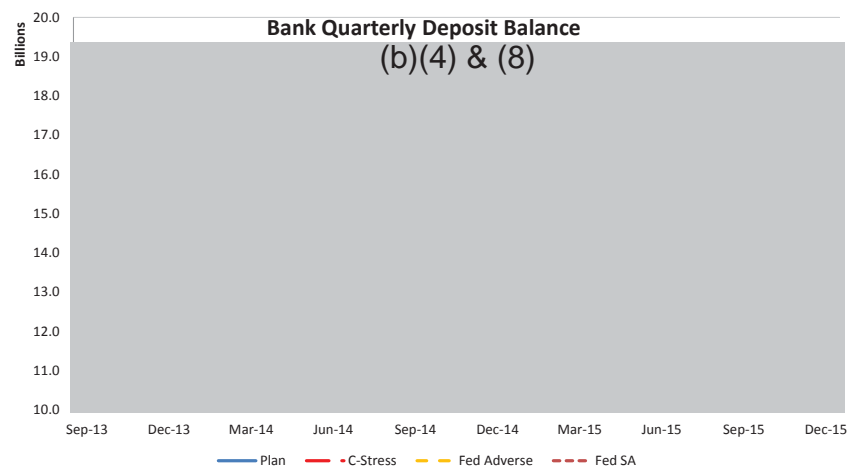
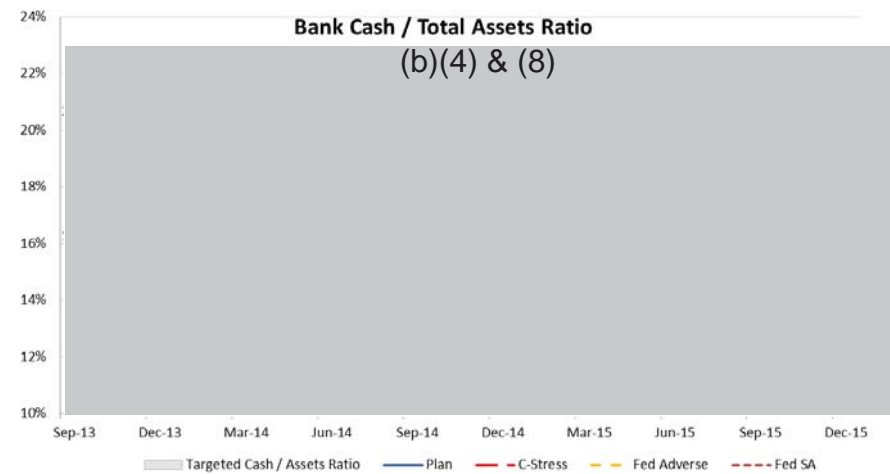
CIT Consolidated Liquidity Profile Under Stress



Qtrly Consolidated Cash Balances w/ Revolver - Plan vs Fed SA



CIT Bank Liquidity Profile Under Stress



High Level Summary – Fed SA vs. Baseline – CIT Consolidated

❖ Key drivers of capital under stress scenarios is

1. (b)(4) & (8)
- 2.
- 3.

	Base Plan		Severely Adverse Scenario		Difference	
	\$ mm Impact	T1 Capital %	\$ mm Impact	T1 Capital %	\$ mm Impact	T1 Capital %
Starting Equity - 9/30/13	(b)(4) & (8)					
3 Net Finance Revenue						
Op Lease Rent - Air						
Op Lease Rent - Rail						
Other Revenue						
Interest Expense						
Non-Interest Income						
Operating Expenses						
1 Credit Provisions						
Capital Actions						
Others (Tax)						
Ending Equity 12/31/15						
2 RWA Growth						



High Level Summary – Fed SA vs. Baseline – CIT Bank

❖ Key drivers of capital under stress scenarios is

1. (b)(4) & (8)
- 2.
- 3.

	Base Plan		Severely Adverse Scenario		Difference	
	\$ mm Impact	T1 Capital %	\$ mm Impact	T1 Capital %	\$ mm Impact	T1 Capital %
Starting Equity - 9/30/13	(b)(4) & (8)					
3 Net Finance Revenue						
Interest and Rental Income						
Interest Expense						
Non-Interest Income						
Operating Expenses						
1 Credit Provisions						
Capital Actions						
Others (Tax)						
Ending Equity 12/31/15						
2 RWA Growth						



Net Charge-off Comparison for FED SA

Net Charge-offs

- (b)(4) & (8)

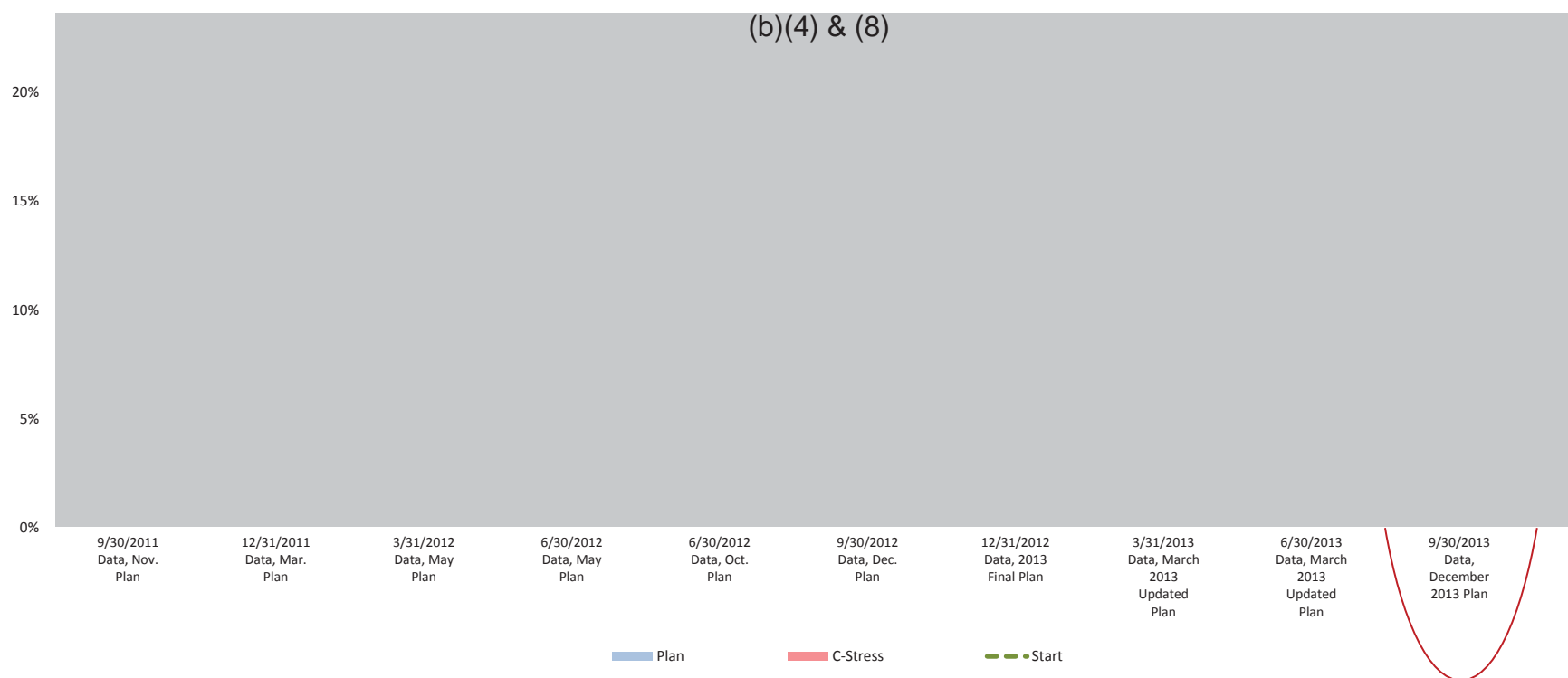
	Bank	Consolidated
Total - Avg Balance		(b)(4) & (8)
Total ex Trans Op & Consumer- Avg Balance		
Net-Charge-offs ex Consumer		
Net Charge-offs/Total		
Net Charge-offs/Total ex Trans Op Ls & Consumer		

Segment	9 Qtr Total Net Charge-offs (\$mm)		9 Qtr Charge-Off Rate		Adjusted 9 Qtr Charge-Off Rate	
	Bank	Consolidated	Bank	Consolidated	Bank	Consolidated
Corporate Finance*				(b)(4) & (8)		
Transportation Finance						
Vendor Finance						
Trade Finance*						
Total						

(b)(4) & (8)



Previous Quarterly Results



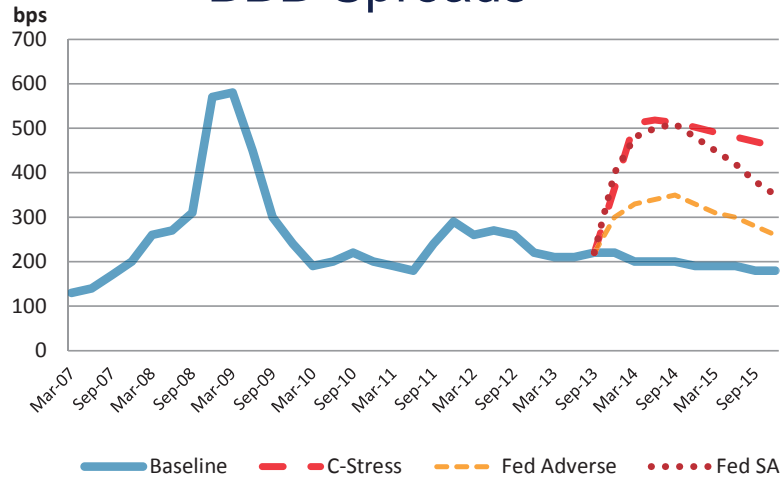
- The 2013 DFAST submission represents our 10th consecutive quarterly set of results
- Key drivers of change from prior runs are due to updates to the base forecast, scenario conditions, updated position data, scenario changes, forecasted volume, capital actions, etc.



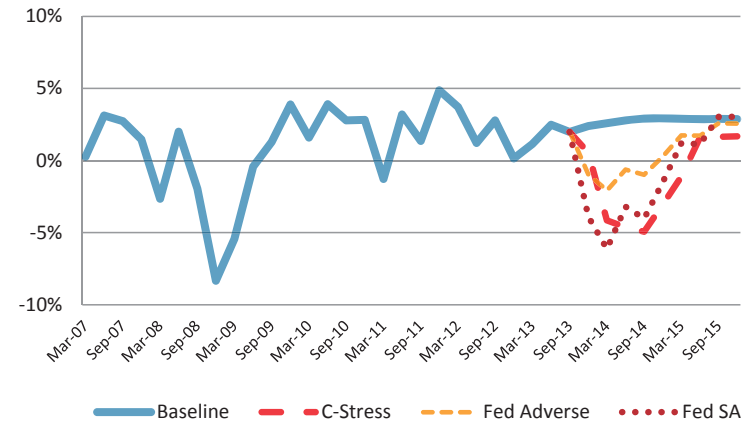
Credit Stress Testing Results & Approach

How Bad Are the Stressed Economic Environments?

BBB Spreads

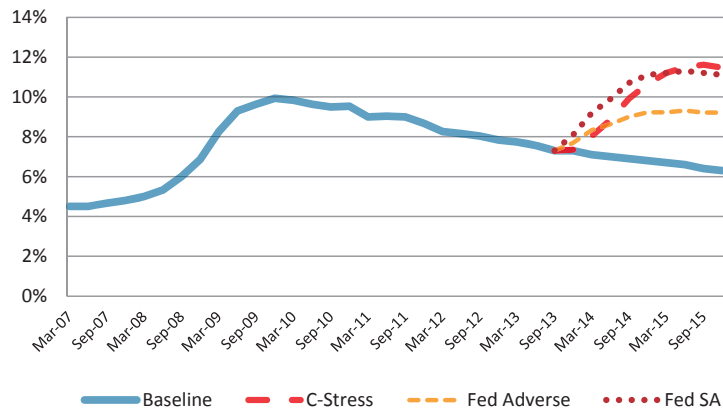


US QoQ Δ GDP



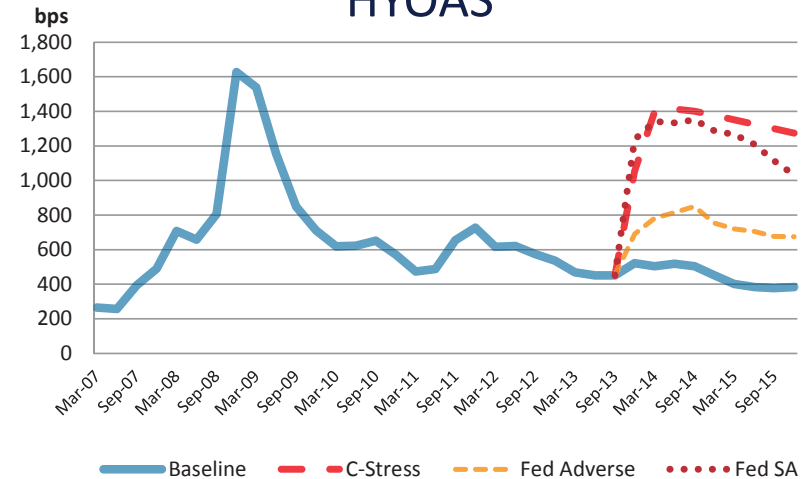
	Historical	Baseline	C-Stress	Fed Adverse	Fed SA
Minimum	-8.3%	2.4%	-4.9%	-2.1%	-6.1%

Unemployment



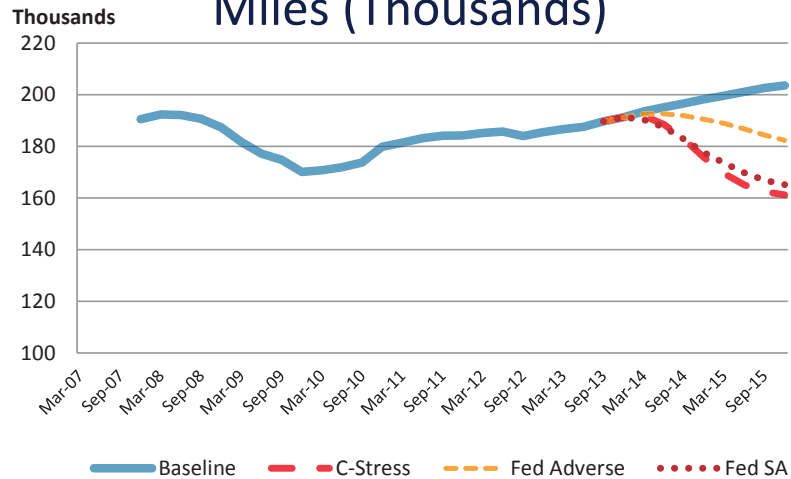
	Historical	Baseline	C-Stress	Fed Adverse	Fed SA
Max	9.9%	7.3%	11.6%	9.3%	11.3%

HYOAS

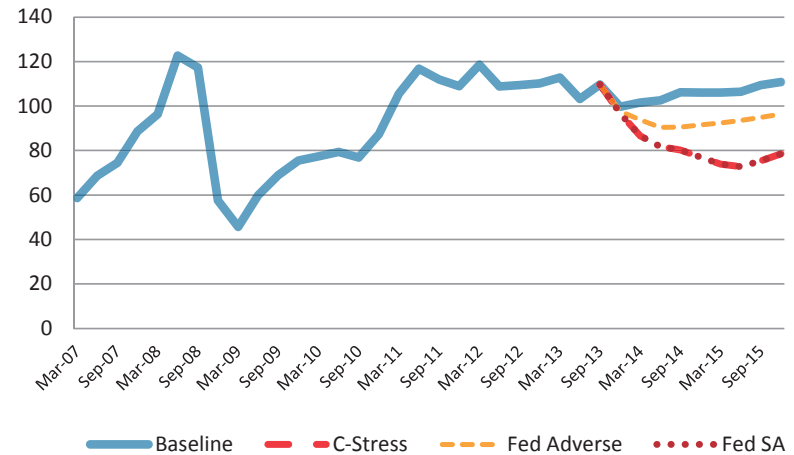


Economic Environment For Aerospace

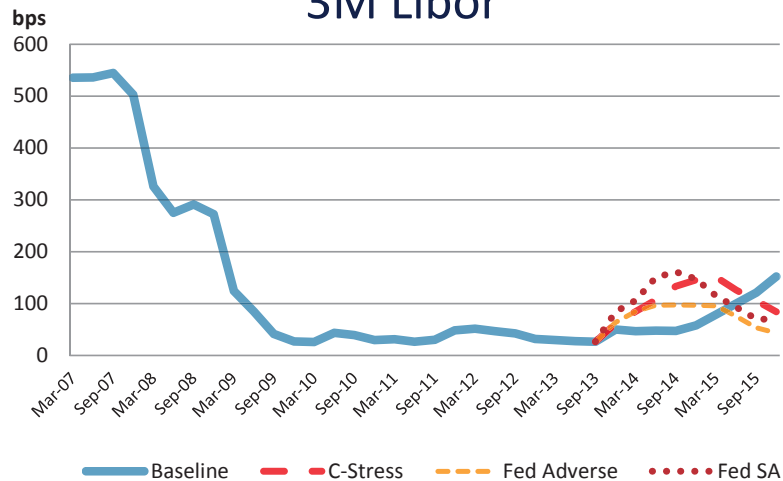
4 Qtr Avg Revenue Passenger Miles (Thousands)



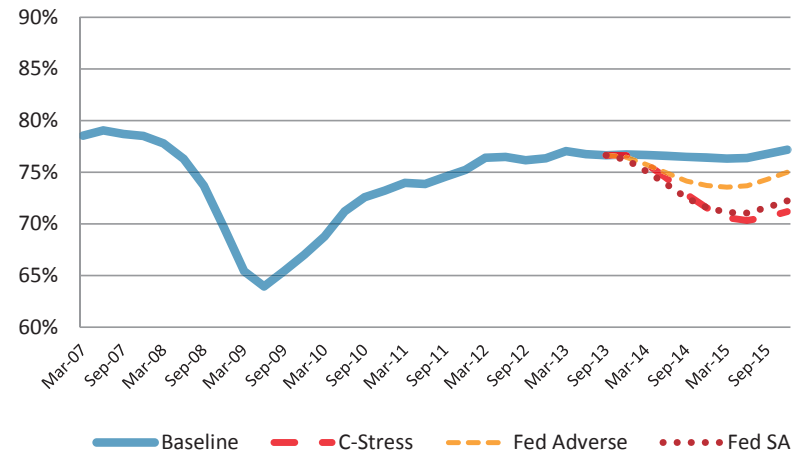
Brent Crude Oil



3M Libor



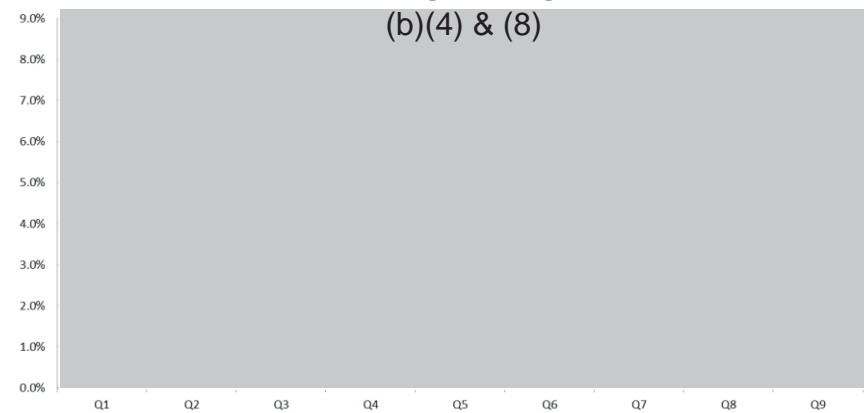
Manufacturing Capacity Utilization



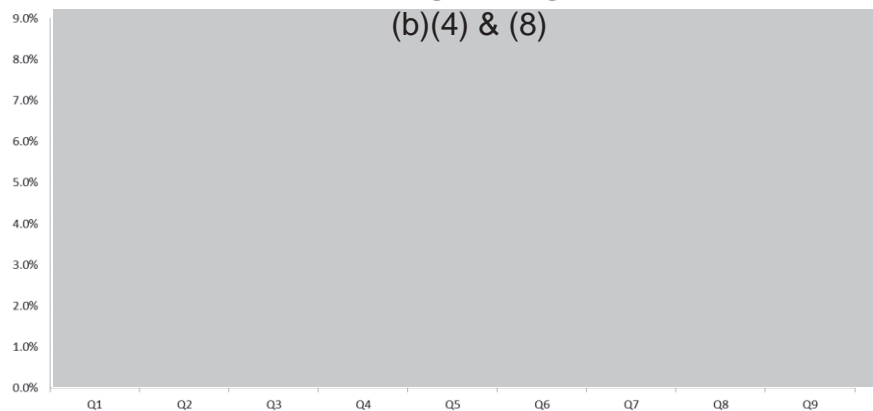
CIT Historical vs. Stress Scenarios – Charge-off Rates

- Charge-offs rates use trailing 4 quarter charge-offs and average balance
- Stress looks conservative vs. historical on a consolidated view
- Segment level data shows some segments more conservative while others are close to historical worst

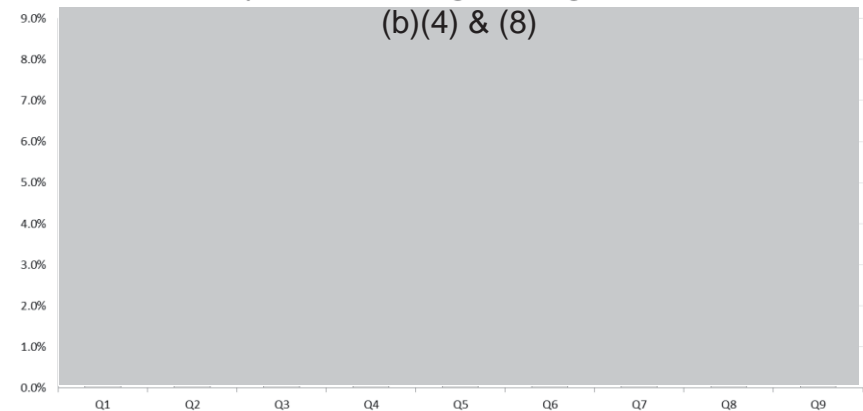
Consolidated Trailing 4 Qtr Charge-Off Rate



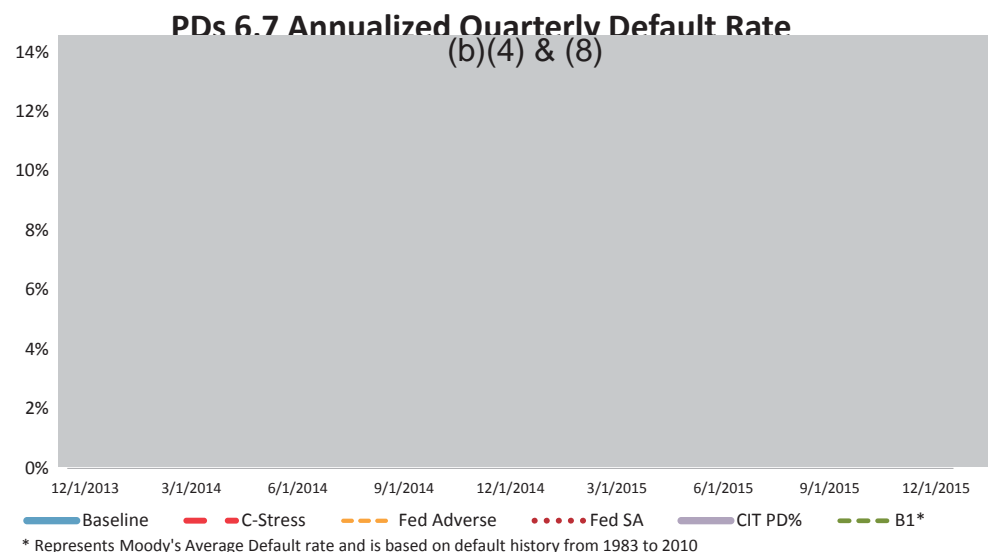
Vendor Finance Trailing 4 Qtr Charge-Off Rate



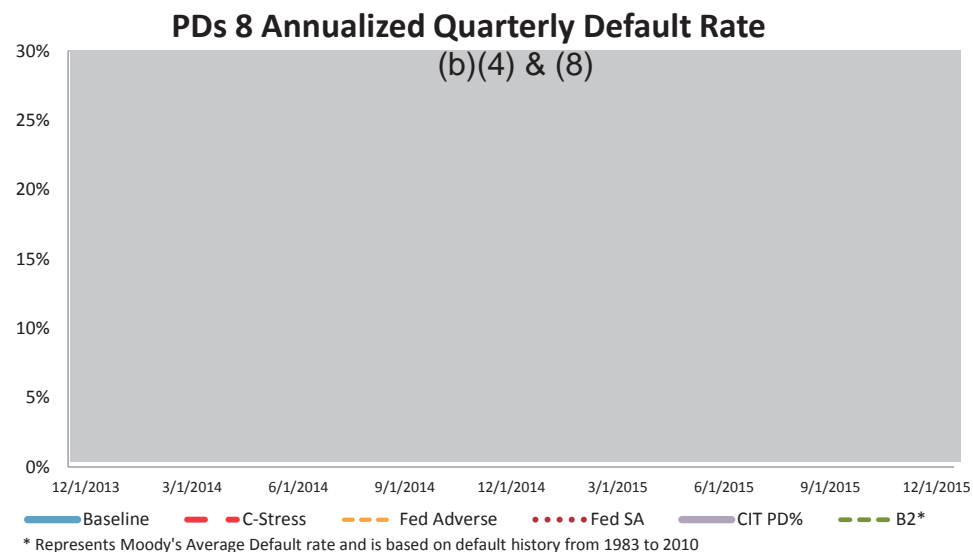
Corporate Finance Trailing 4 Qtr Charge-Off Rate



Credit Stress Results Look Conservative Relative to Moody's Historical Default Rates by Rating as Well as Relative to Expected Range in CIT Models



PDs 6,7	CIT PD %	Moody's B1	Fed SA
Min	(b)(4) & (8)	0.00%	0.20%
Max	(b)(4) & (8)	7.84%	10.82%
Midpoint	(b)(4) & (8)	2.70%	5.85%

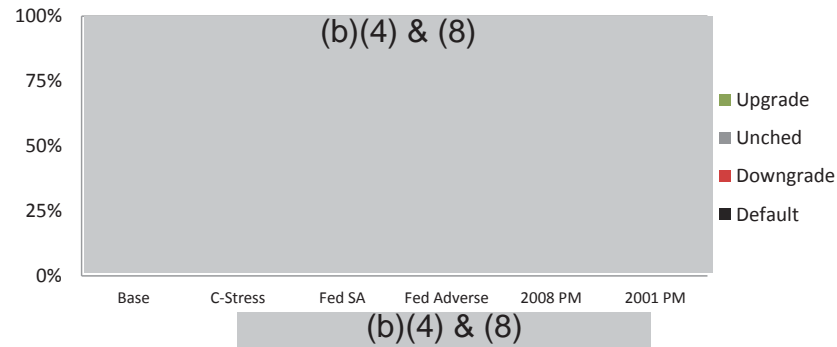


PD 8	CIT PD %	Moody's B2	Fed SA
Min	(b)(4) & (8)	0.00%	2.83%
Max	(b)(4) & (8)	22.62%	22.45%
Midpoint	(b)(4) & (8)	5.89%	14.27%

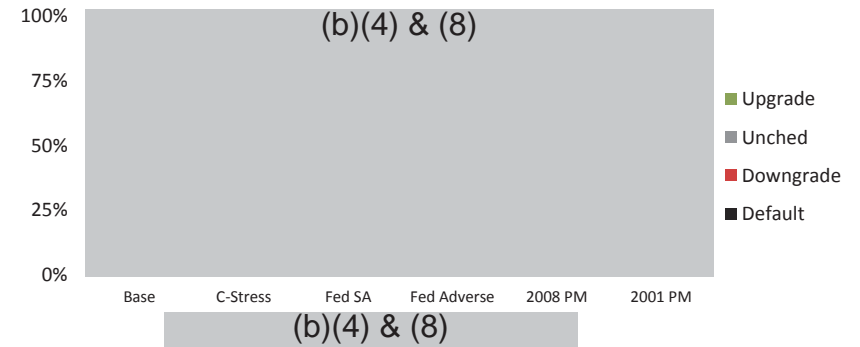
Stress Test data includes both existing portfolio and volume originated during the forecast which starts at, or is originated at, the specified PD Group

Credit Migration by PD Buckets

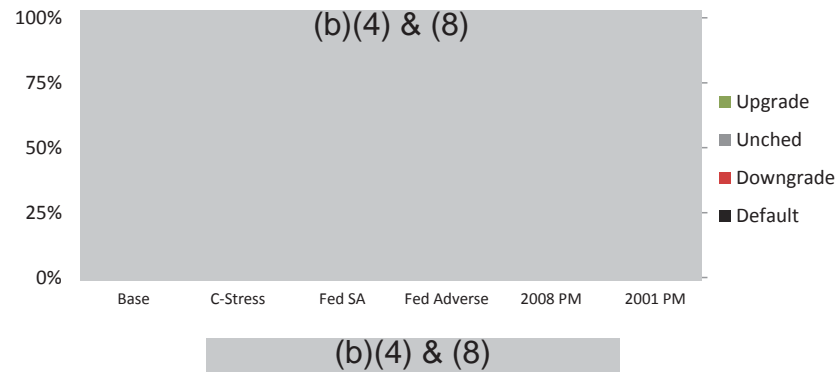
PD Grades 4-5



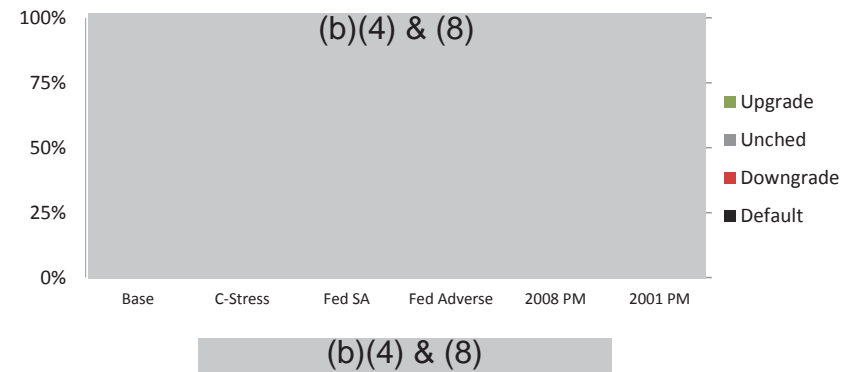
PD Grades 6-7



PD Grade 8



PD Grades 9-10



Overview of CIT's Credit Stress Methodology

(b)(4) & (8)

CIT considered a selection of Market, Corporate and Broad Macroeconomic variables when determining the best predictors for credit behavior.

Final variables chosen are

- (b)(4) & (8)
-
-

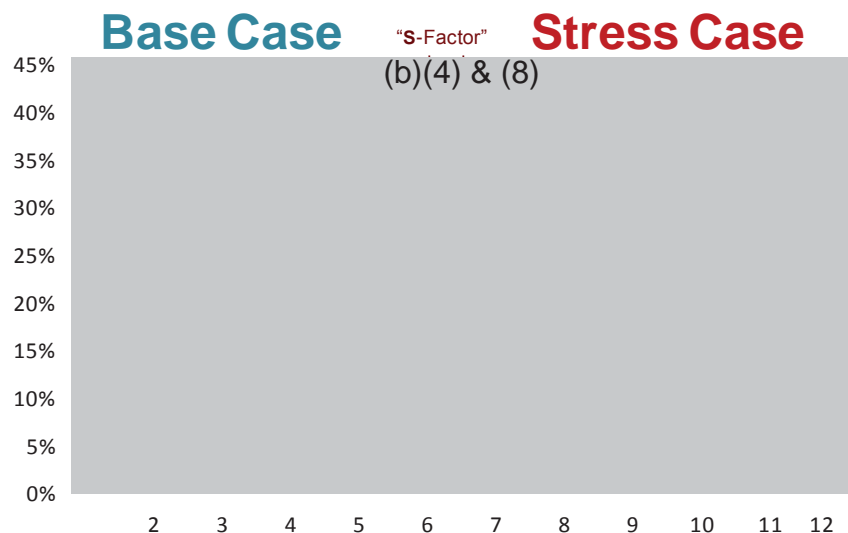
PDs were bucketed according to behavior, and macroeconomic relationships were developed for each PD Group individually to better capture credit behavior.

Sample Transition Matrix

PD	1-3	4-5	6-7	8	9-10	11	DEF
1-3	(b)(4) & (8)						
4-5							
6-7							
8							
9-10							
11							
DEF							

CIT uses these regression relationships to forecast transition matrices (see next page) which allows for dynamic defaults and a dynamic ALLL as the credit quality of the portfolio migrates.

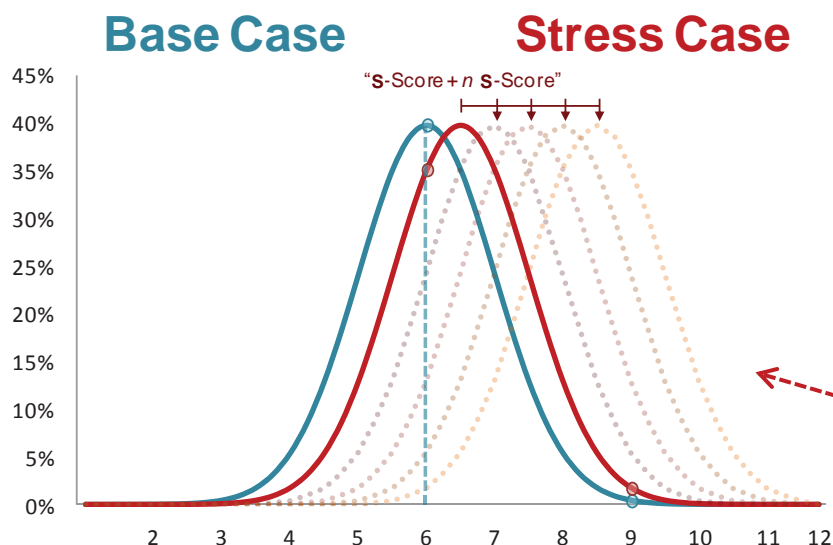
Overview of CIT's Credit Stress Methodology Continued



PD 6 Example

Base: (b)(4) & (8) of PD 6 remain PD 6
of PD 6 downgrade to PD 9

Stress: (b)(4) & (8) of PD 6 remain PD 6
of PD 6 downgrade to PD 9



- The regression relationships allow CIT to forecast market driven S-factors which in turn generate transition matrices and drive credit performance
- Credit migrations for each PD grade follow a normal distribution around the current PD (PD 6 shown as an example).
- In a stress scenario, the normal distribution is shifted and new migration rates are calculated.
- S-factors are calculated for each PD individually, in each scenario based on forecast of identified variables.
- Sensitivity analysis was conducted based on additional S-factors shifts.

LGD Stress: 3 Broad Approaches

1. **Regression Based:** produces stressed LGD through a formulaic relationship between macro variables and LGDs for certain product types. The relationships are developed through regression analysis of historical loss data.

Examples below:

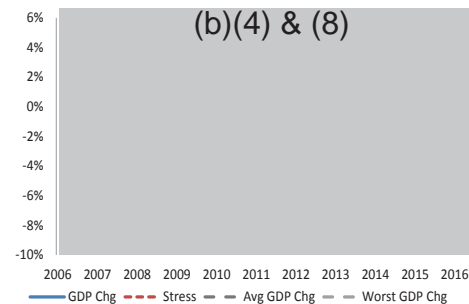
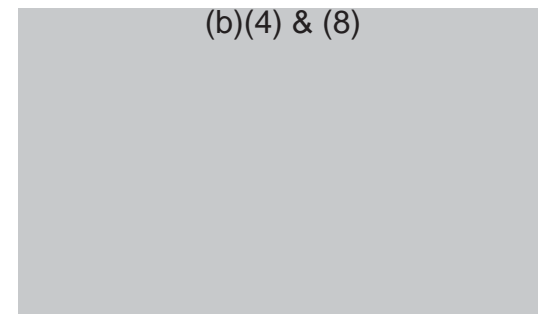
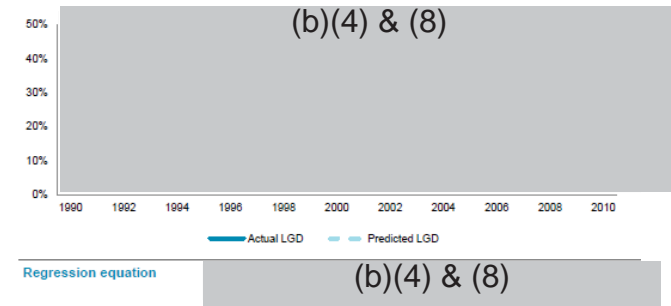
- (b)(4) & (8)
- (b)(4) & (8)

2. **Level increase approach:** the assigned LGD increases by a fixed amount under stress for a given product type. These are calibrated based on historical stress behavior for the segment or through expert judgment. Examples below:

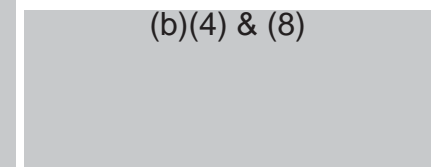
- (b)(4) & (8)
- (b)(4) & (8)

3. **Statistical Approach:** historical LGD volatility is used to determine a range of possible increases from the average LGD under a stress scenario. The additional LGD stress taken from the historical range is calibrated based on the severity of the stress scenario. Examples below:

- (b)(4) & (8)
- (b)(4) & (8)

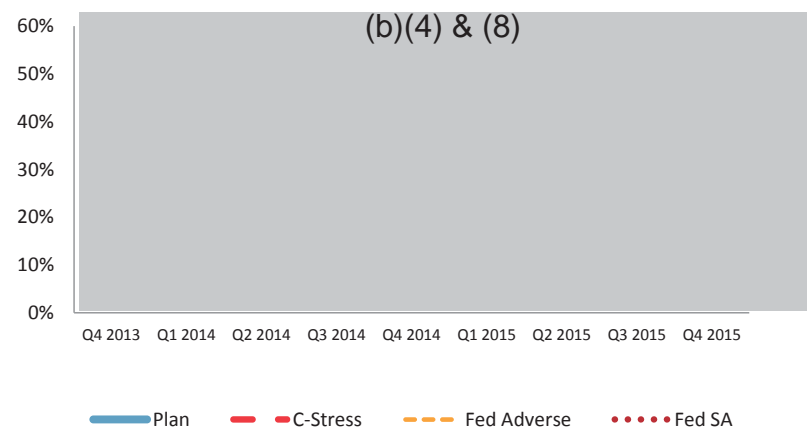


Example:

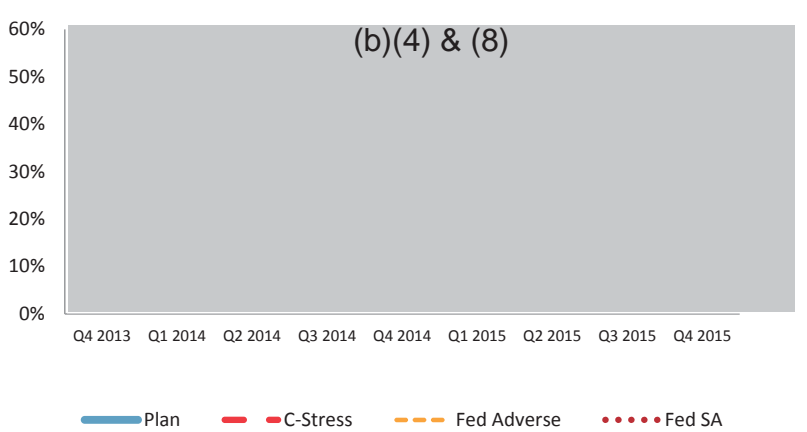


Business Segment LGDs

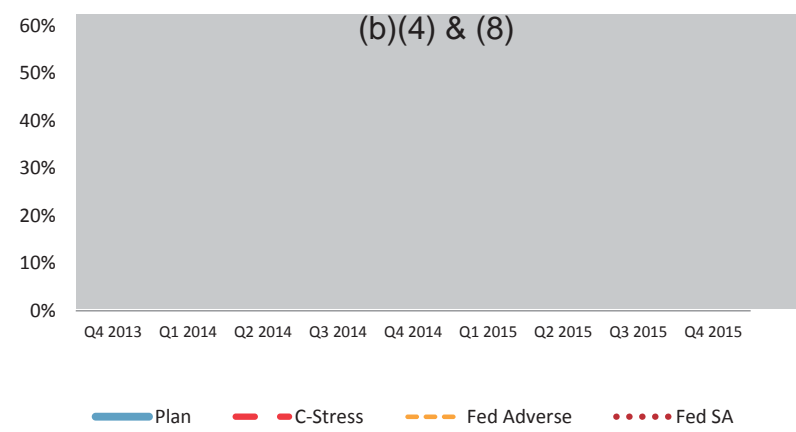
Corporate Finance



Vendor Finance




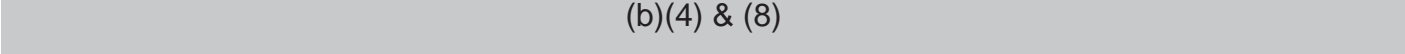



Transportation Finance Loans

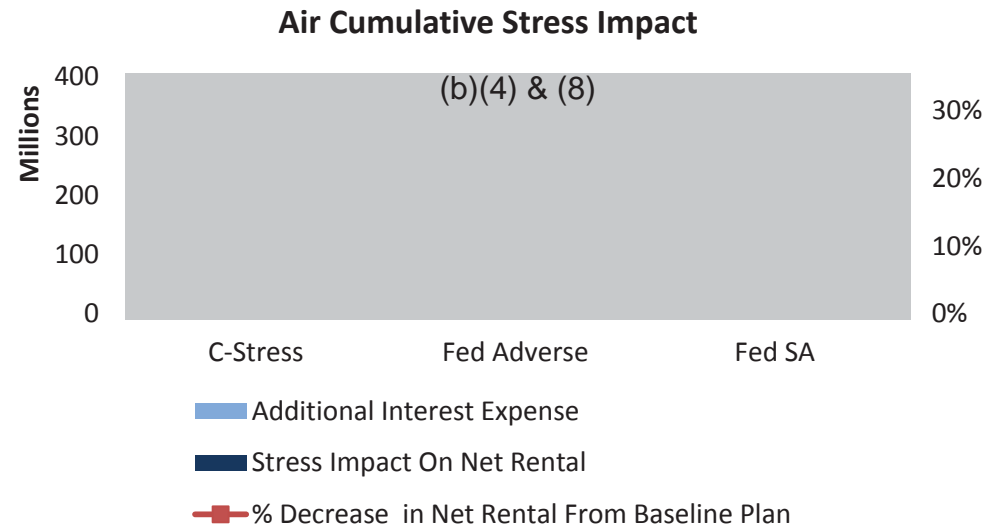


Op Lease Stress Testing Results & Approach

Operating Lease Stress Methodology - Overview

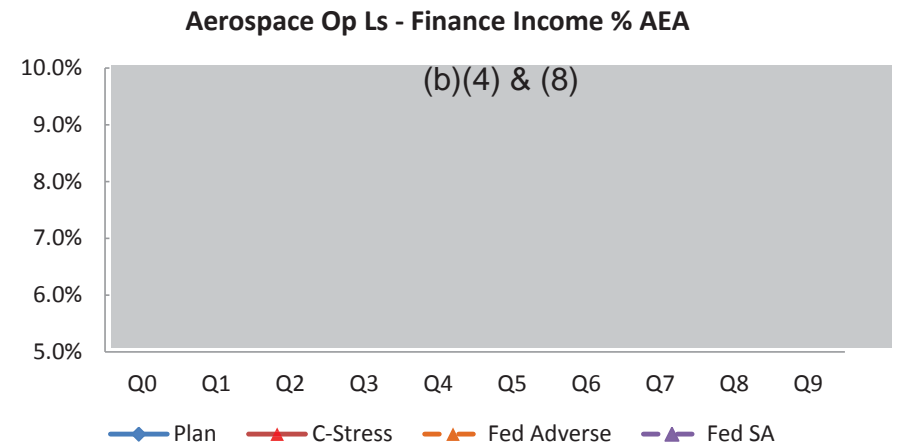
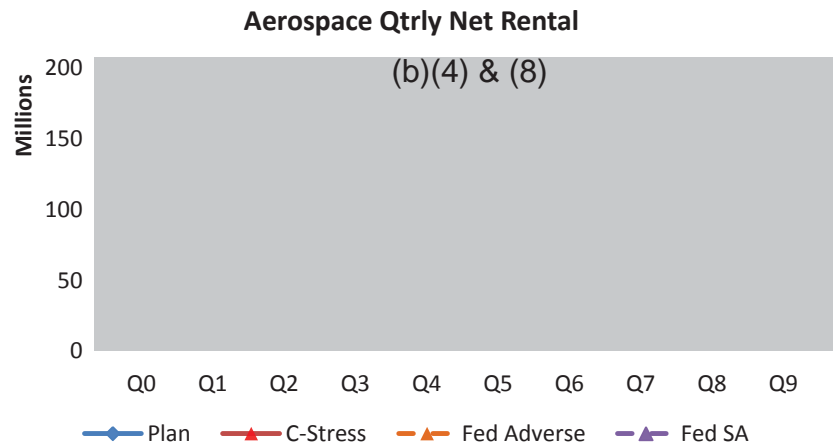
- Adverse economic scenario negatively impacts operating lease rental income projection via:
 - Increased defaults by lessees
 - Time off lease due to defaults
 - Lower rental rates vs. plan when released after default
 - Lower rental renewal rates vs. plan at lease maturities
- Adverse economic scenario also negatively impacts capital via:
 - MTM losses on assets that were assumed to be “held for sale” at the time of the stress
 -  (b)(4) & (8)

 -  (b)(4) & (8)
 -  (b)(4) & (8)


Air Operating Lease Income



- (b)(4) & (8)
-
-

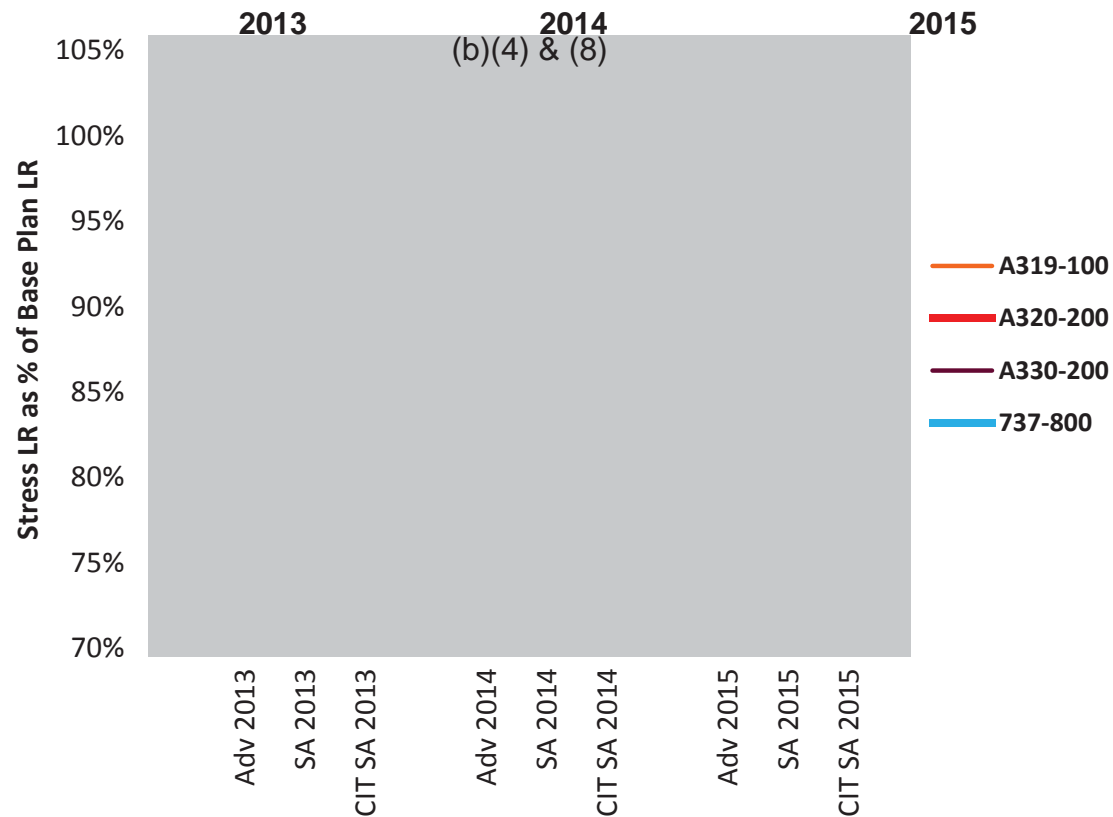
Air Operating Lease Income



	C-Stress	Fed Adverse	Fed SA
Net Rental Δ from Baseline (mm)	(b)(4) & (8)		
Additional Interest Exp (mm)			
Total Impact			
Aerospace BS RWA			
Aerospace off BS RWA			
Aersopace Total RWA			
Total Impact / BS RWA			
Total Impact / Total RWA			

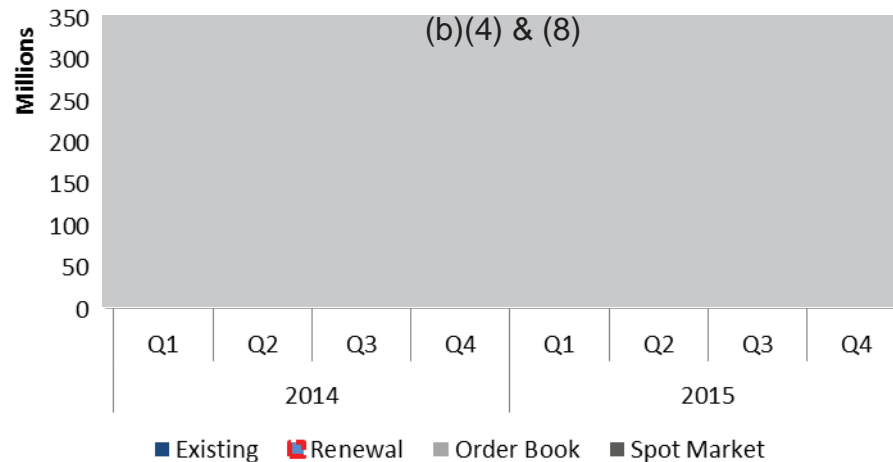
Aircraft Evaluation for Rents and Residuals (AERR)

Stress Haircut on Lease Rate from Baseline Plan By Type and Scenario

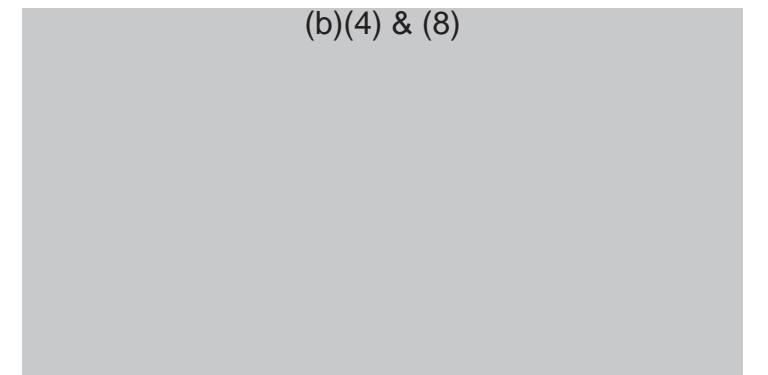


Air Operating Lease Income

Baseline Plan Quarterly Gross Rental

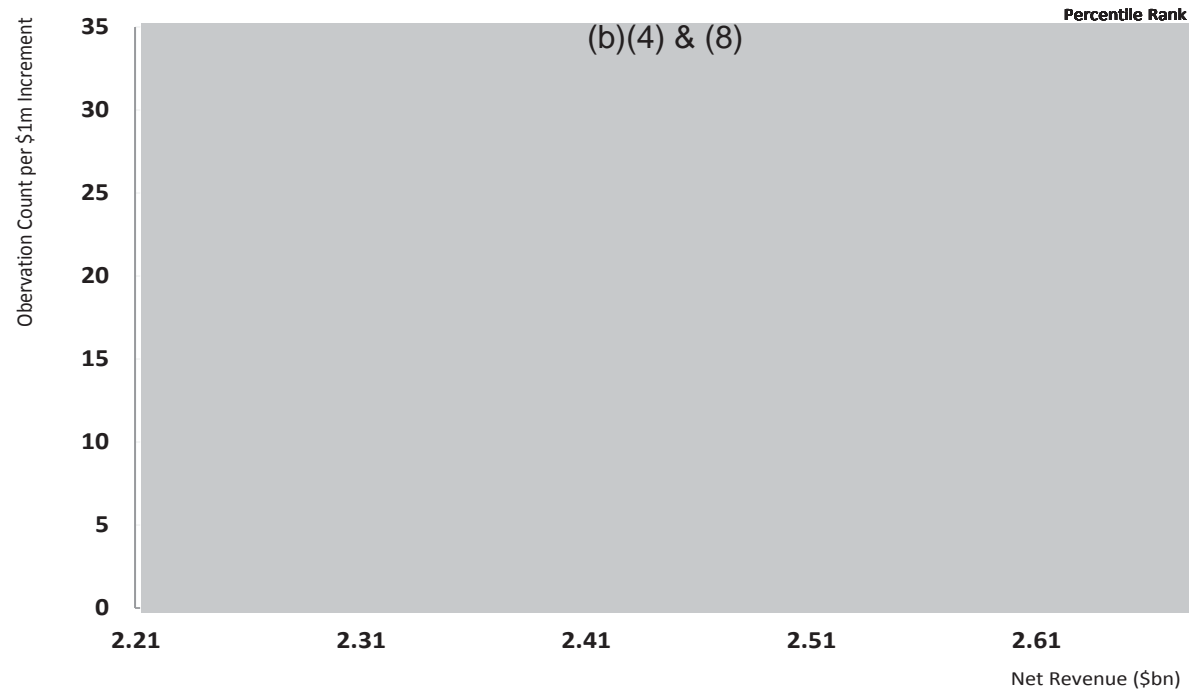


		2015 Renewals - Reduction %			
		100%	90%	80%	70%
2014 Renewals - Reduction %	100%	(b)(4) & (8)			
	90%				
	80%				
	70%				



2000 pass cash model simulation: Severely Adverse Simulator

(b)(4) & (8)



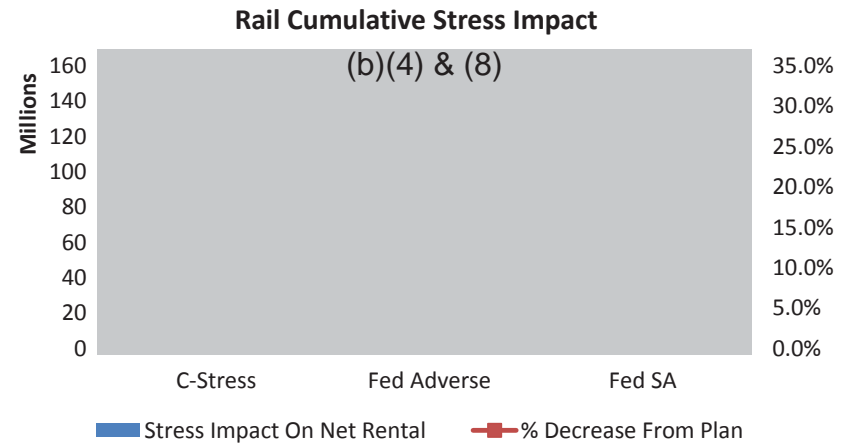
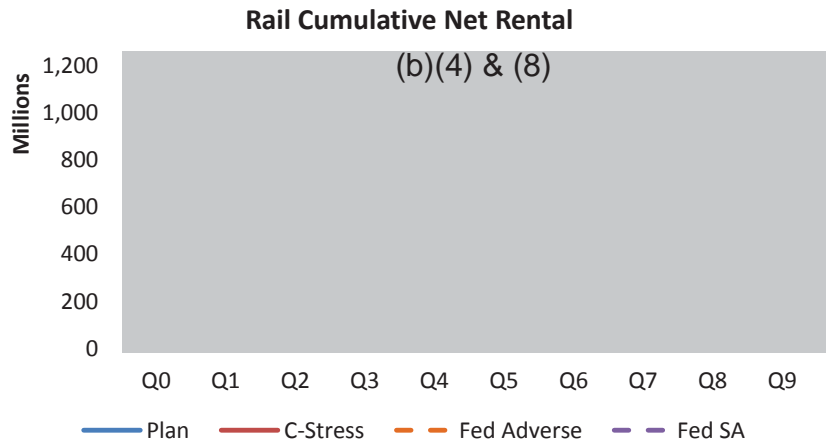
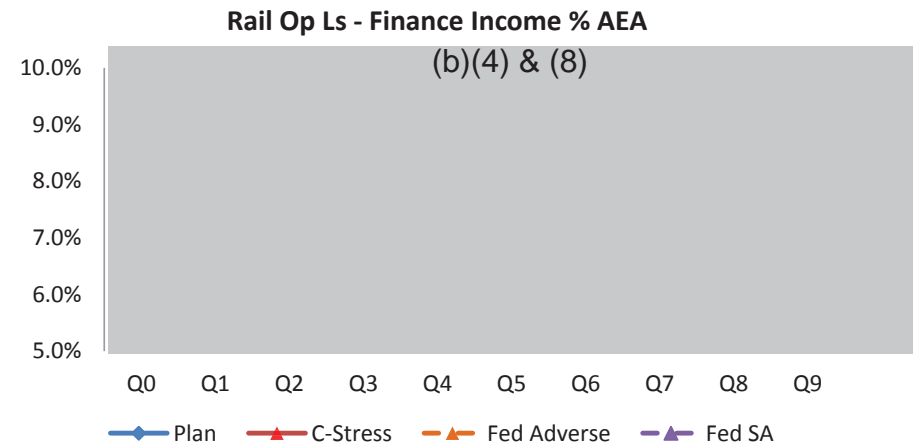
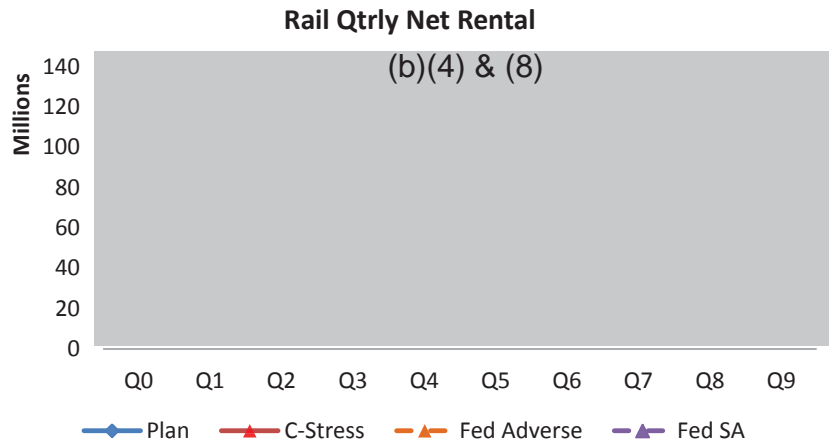
Scenario name	CIT Severely Adverse	CIT SA sans Terror	Severely Adverse	Adverse
75th p Δ to Plan (\$mm)	(b)(4) & (8)			
Spot transactions				
Lease rate forecast				
PD forecast				
Loss severity				
New lessee PD				
Additional Lessee stress?				
PD 12 override				

Assets Held for Sale and Impairment Impact

(b)(4) & (8)

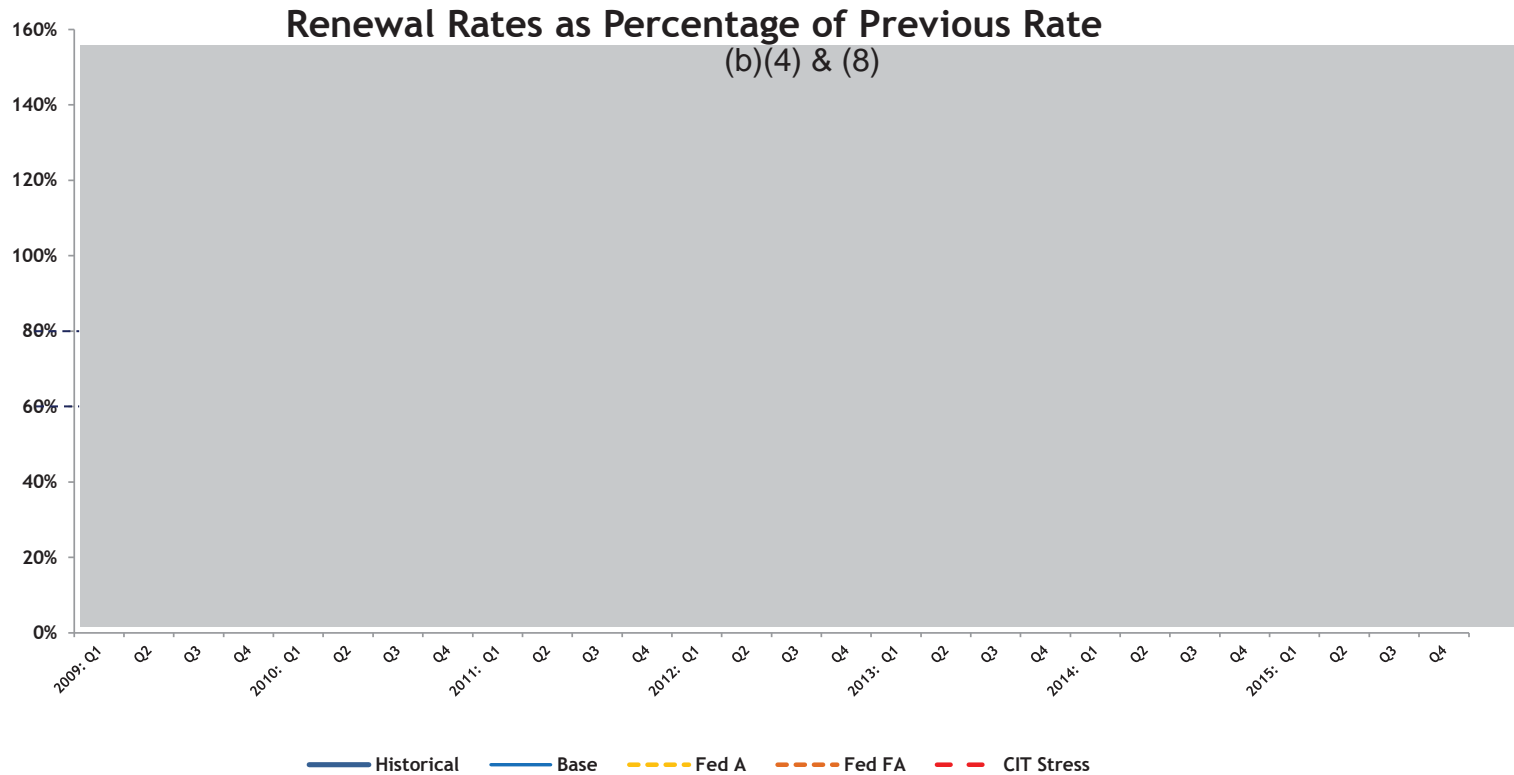


Rail Operating Lease Income



Rail Evaluation for Rents

Stress Haircut on Lease Rate from Baseline Plan By Scenario



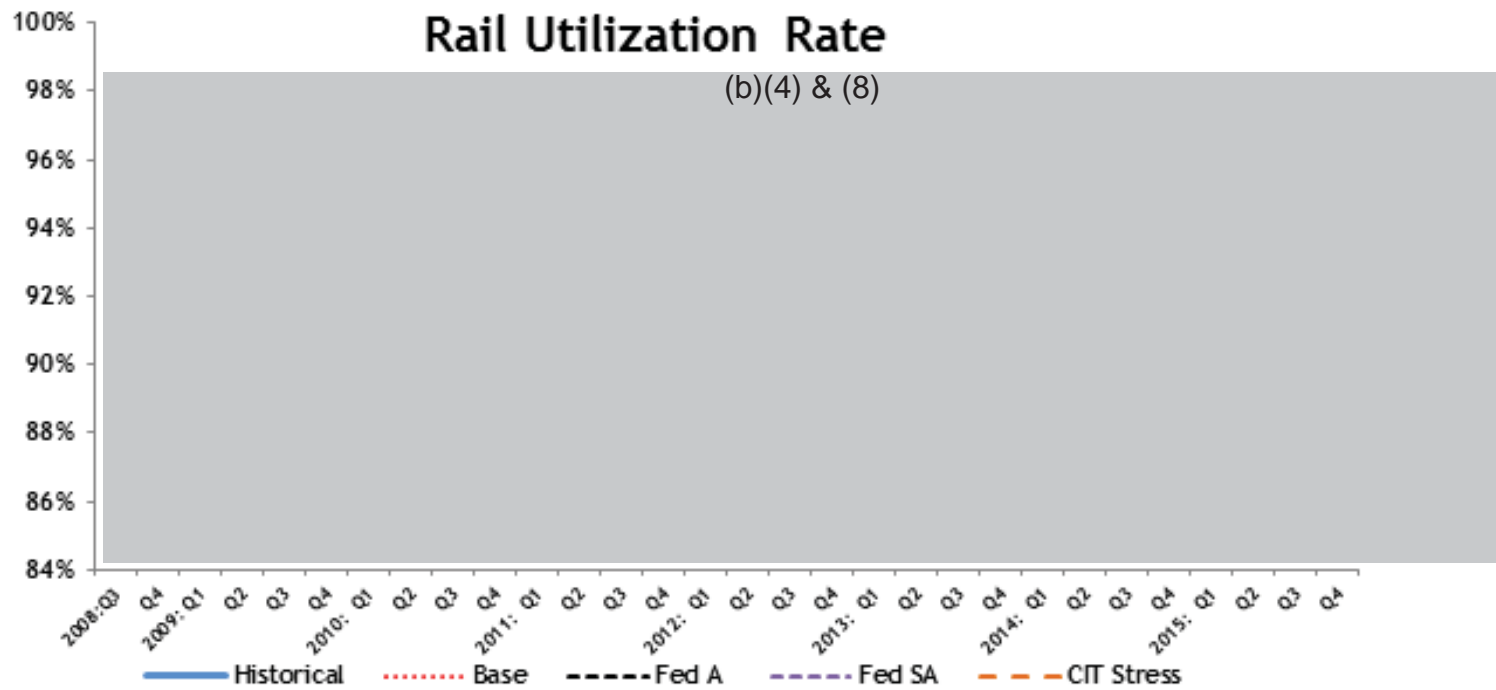
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(b)(4) & (8)



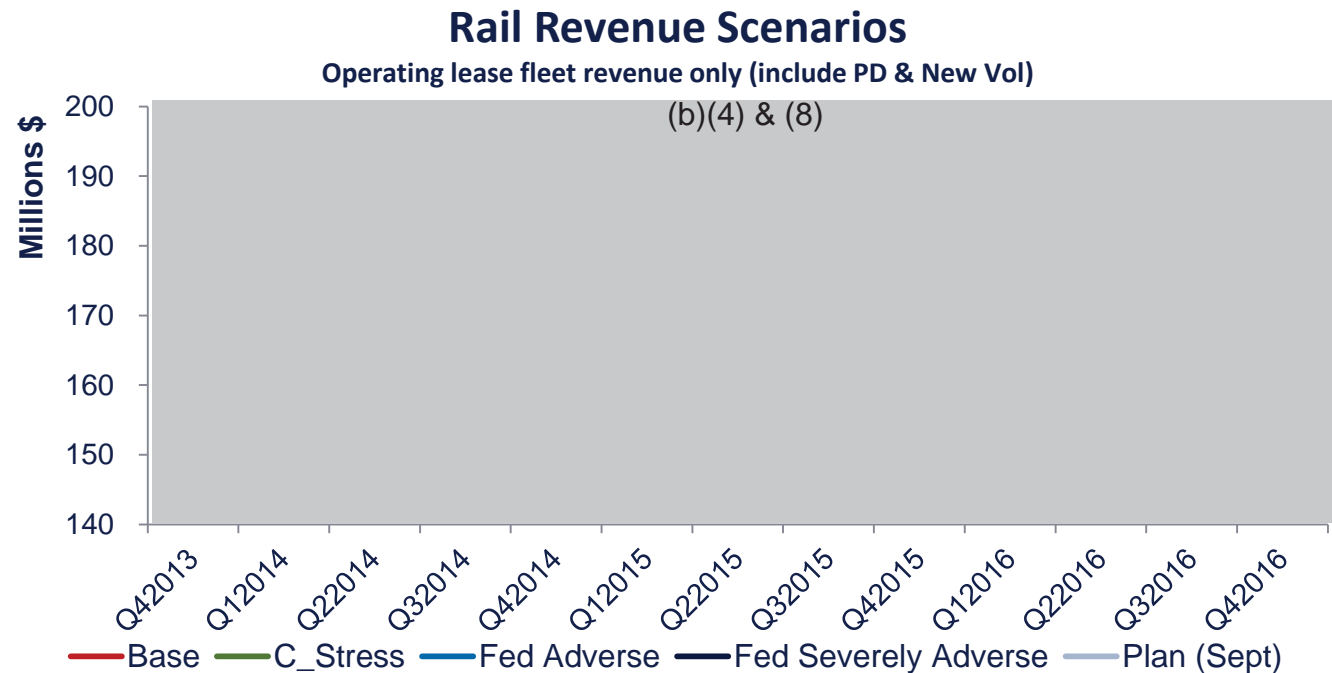
Rail Utilization Rates

Utilization Rates By Scenario



Rail Revenue Under Stress Scenarios

- Lease rates and fleet utilization inputs are tied to Manufacturing Capacity
- Lowest utilization rates per scenario: (b)(4) & (8)
(b)(4) & (8), and C-Stress (b)(4) & (8).



- (b)(4) & (8)
-
-

New Volume Assumptions – Growth of RWA

New Volume and RWA Growth Assumptions

- CIT uses regression equations based on both internal and Industry data to forecast volume originations under stress
- CIT also varies prepayment speeds based on the scenario
- (b)(4) & (8)

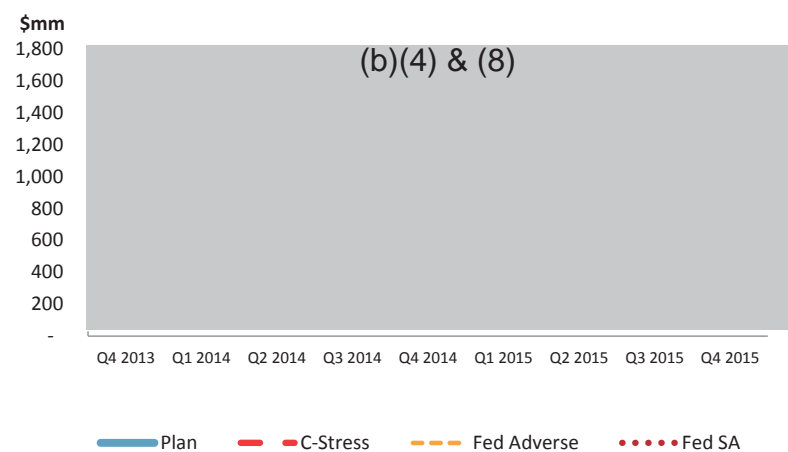
	Stress Effect on RWA	Baseline	Corporate Finance		
			SA-Stress	Delta	% Reduction
New Originations	(b)(4) & (8)				
Prepayments					
Sales					
Total					

	Stress Effect on RWA	Baseline	Vendor Finance		
			SA-Stress	Delta	% Reduction
New Originations	(b)(4) & (8)				
Prepayments					
Sales					
Total					

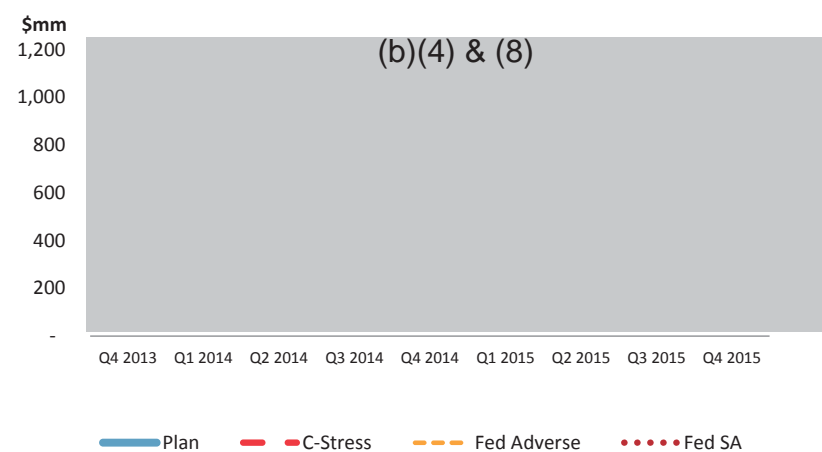
	Stress Effect on RWA	Baseline	Transportation Loans		
			SA-Stress	Delta	% Reduction
New Originations	(b)(4) & (8)				
Prepayments					
Sales					
Total					

Business Segment Volume Origination

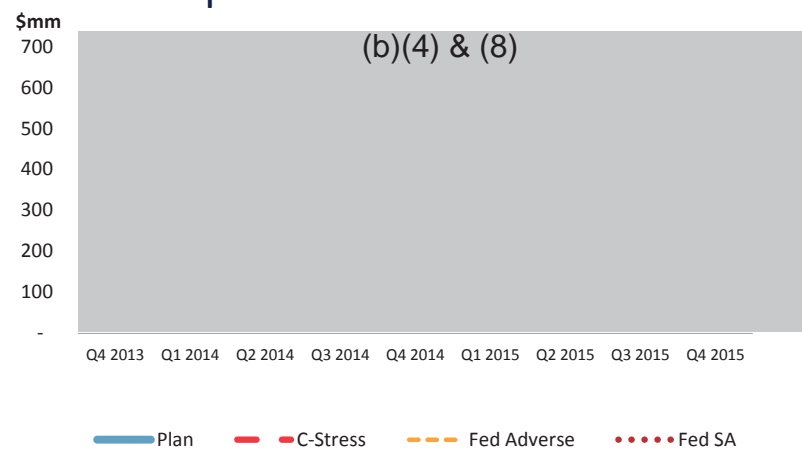
Corporate Finance



Vendor Finance



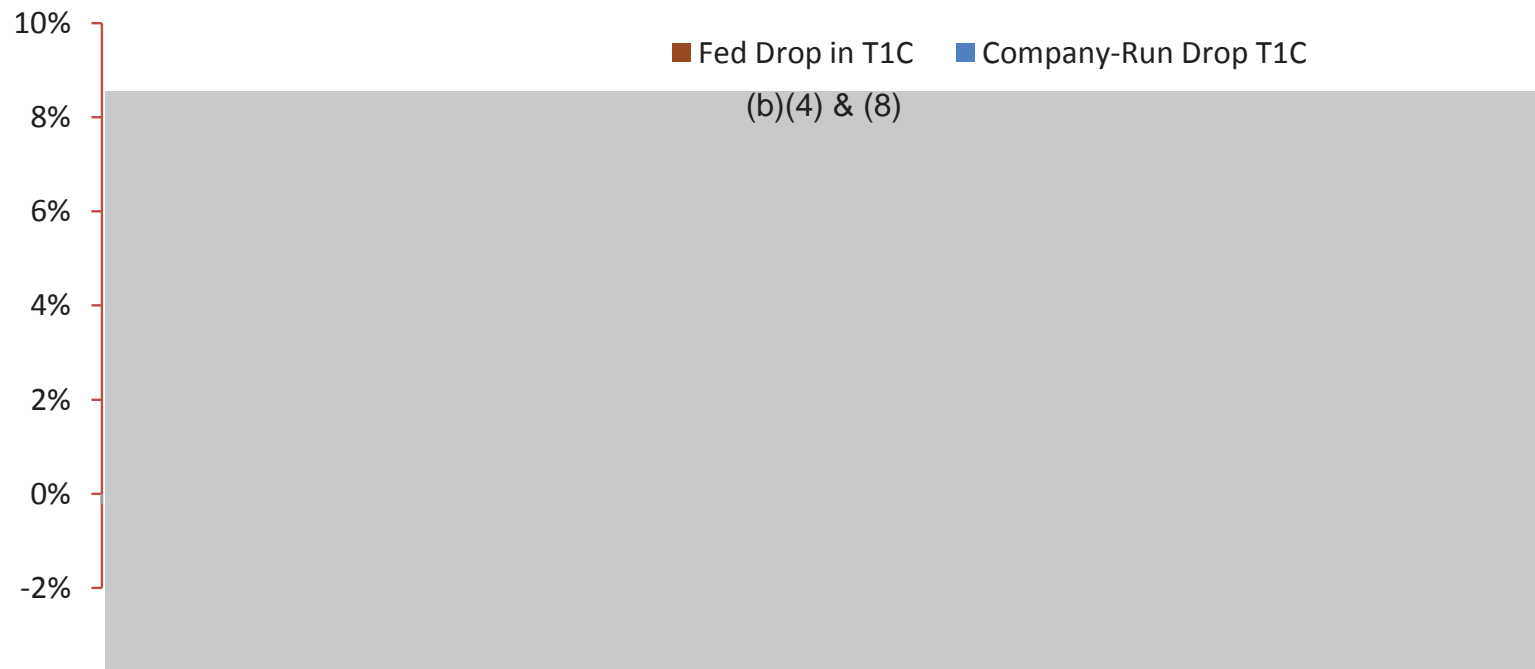
Transportation Finance Loans



Peer Comparison

Peer Comparison: Drop in Tier 1 Common Ratio

Drop in Tier 1 Common: Fed Model vs. Company Run

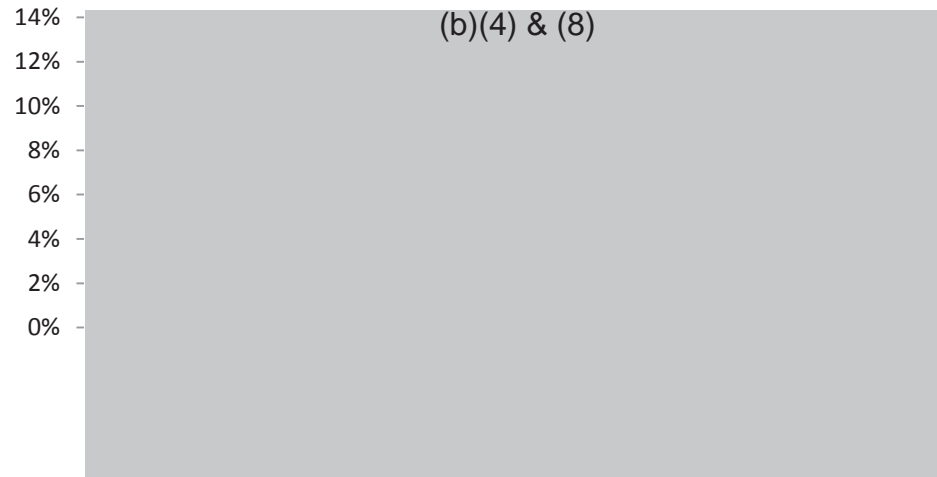


- CIT's stress test results use the same Fed Severely Adverse Scenario as the 18 banks. However, CIT's results are based on internal models (QRM) vs. Fed's Template model results.
- For 18 Banks, Tier 1 Common Ratios incorporate no new capital actions from the previous year. (b)(4) & (8)
- Capital ratios are tax effected (since capital is post tax). The Fed did not disclose the consistent tax rate applied to pre-tax net income for all 18 BHCs. CIT results reflect taxes according to the financial plan.



Peer Comparison: Total Loan Losses

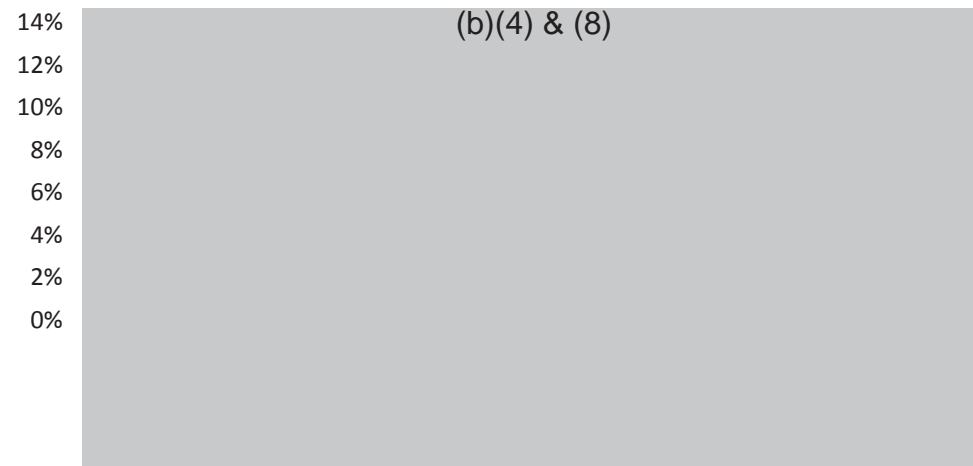
Total Loan Losses



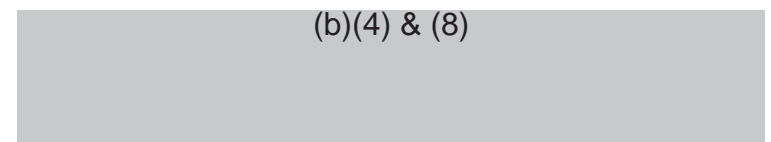
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-
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Total Loan & Lease Losses excl. Transportation



-



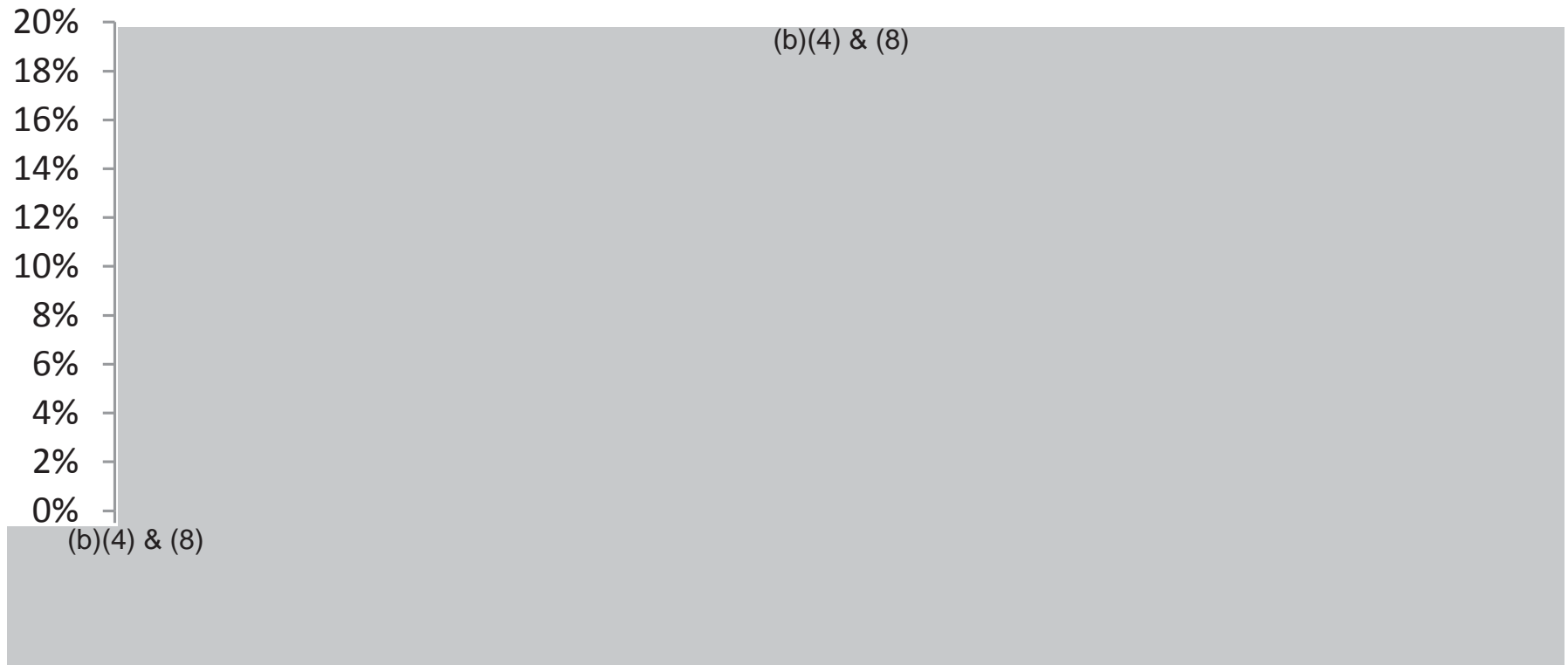
Peer Comparison: Commercial & Industrial Losses



- C&I losses only reflect “big” banks and regional banks.
- Brokers, specialty finance, and processing banks were excluded. (Goldman, MS, Amex, Ally, BNYM, and State Street)
- Charge-off ratios reflect total charge-offs divided by average balance over 9 quarters of stress.

Peer Comparison: CRE Losses

Commercial Real Estate



- (b)(4) & (8)
- Company Run Losses for CRE were not available for processing banks.

Challenges and Planned Enhancements - examples

(b)(4) & (8)

Stress Balance Sheets and Income Statements

Consolidated Balance Sheets and Capital Ratios

CONSOLIDATED PLAN BS					C-STRESS BS			FED SA BS			FED ADVERSE BS		
	Start Date	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Assets													
Corporate Finance													
Transportation Finance													
Trade Finance													
Consumer Finance													
Vendor Finance													
Goodwill & Intangible													
ALLL													
Cash & Investments													
Other Assets													
Total Assets													
Liabilities													
Deposits													
New Unsecured													
Secured Borrowings													
Senior Unsecured / Other													
Credit Balances													
Other Liabilities													
Total Liabilities													
Retained Earnings													
FX Adjustment													
AOCI													
Total Equity													

(b)(4) & (8)

CONSOLIDATED PLAN RATIOS					C-STRESS RATIOS			FED SA RATIOS			FED ADVERSE RATIOS		
	Start Date	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Capital													
Tier 1 Capital													
Tier 2 Capital													
Total Capital													
Total Capital Ratio													
Tier 1 Capital Ratio													
Leverage Ratio													

(b)(4) & (8)

Consolidated Income Statements

CONSOLIDATED PLAN IS				C-STRESS IS			FEDSA IS			FED ADVERSE IS		
	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Interest Income	(b)(4) & (8)											
Corporate Finance												
Transportation Finance												
Trade Finance												
Consumer Finance												
Vendor Finance												
Cash & Investments												
Other Assets												
FSA Total												
Total Interest Income												
Expenses												
Interest Expense												
FSA - Debt												
Total Interest Expense												
Total Net Interest Income												
Loss Provisions												
Net Charge-offs												
Reserve Change												
FSA Non Accrutable Discount												
Total Loss Provision												
Income / Expense												
Ancillary Non-Interest Income												
Ancillary Non-Interest Expense												
Total Non-Interest Income/Loss												
Pre-tax Income Post FSA												
Provision for Income Tax												
Minority Interest												
Total Net Income												
Share Repurchase												

Bank Balance Sheets and Capital Ratios

BANK PLAN BS					C-STRESS BS			FED SA BS			FED ADVERSE BS		
	Start Date	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Assets	(b)(4) & (8)												
Corporate Finance													
Transportation Finance													
Trade Finance													
Consumer Finance													
Vendor Finance													
Goodwill & Intangible													
ALLL													
Cash & Investments													
Other Assets													
Total Assets													
Liabilities													
Deposits													
New Unsecured													
Secured Borrowings													
Senior Unsecured / Other													
Credit Balances													
Other Liabilities													
Total Liabilities													
Retained Earnings													
FX Adjustment													
AOCI													
Total Equity													

BANK PLAN RATIOS					C-STRESS RATIOS			FED SA RATIOS			FED ADVERSE RATIOS		
	Start Date	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Capital	(b)(4) & (8)												
Tier 1 Capital													
Tier 2 Capital													
Total Capital													
Total Capital Ratio													
Tier 1 Capital Ratio													
Leverage Ratio													



Bank Income Statements

BANK PLAN IS				C-STRESS IS			FEDSA IS			FED ADVERSE IS		
	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9	Q1	Q5	Q9
Interest Income	(b)(4) & (8)											
Corporate Finance												
Transportation Finance												
Trade Finance												
Consumer Finance												
Vendor Finance												
Cash & Investments												
Other Assets												
<i>FSA Total</i>												
Total Interest Income												
Expenses												
Interest Expense												
<i>FSA - Debt</i>												
Total Interest Expense												
Total Net Interest Income												
Loss Provisions												
Net Charge-offs												
Reserve Change												
FSA Non Accrutable Discount												
Total Loss Provision												
Income / Expense												
Ancillary Non-Interest Income												
Ancillary Non-Interest Expense												
Total Non-Interest Income/Loss												
Pre-tax Income Post FSA												
Provision for Income Tax												
Minority Interest												
Total Net Income												
Share Repurchase												

From: Ricketti, John
Sent: Monday, July 21, 2014 6:12 PM
To: Nobles, Topaz J
Subject: FW: Confidential Announcements -FRSONLY-
Attachments: 07 22 2014 clean CIT TO REPURCHASE UP TO \$500 MILLION OF COMMON STOCK d....docx; 07 21 2014 CIT ANNOUNCES AGREEMENT TO ACQUIRE DRIVER draft V12.doc; CIT Q2 2014 Earnings Release Final.docx

RESTRICTED FR

From: Robert.Ingato@cit.com [<mailto:Robert.Ingato@cit.com>]
Sent: Monday, July 21, 2014 6:09 PM
To: Ricketti, John; Cheatham, James
Cc: john.thain@cit.com; nelson.chai@cit.com
Subject: Confidential Announcements

Gentlemen,

Subject to the approval of our Board of Director at a meeting scheduled for this evening, tomorrow morning at 6:30 AM EDT, CIT will be issuing the attached three press releases announcing:

1. **OneWest Merger**. The signing of an agreement with OneWest Bank's parent company pursuant to which CIT will, subject to receipt of regulatory approvals, acquire OneWest for cash and stock totaling approximately \$3.4 billion.
2. **Stock Repurchase**. CIT's intent to repurchase up to \$500 million of our common stock (incremental to the \$55 million of remaining authorization under our prior board approvals) at any time on or before June 30, 2015.
3. **Earnings Announcement**. CIT's earnings press release for the 2nd Quarter of 2014.

The company is hosting an investor call at 8 AM EDT tomorrow to review our earnings results and discuss the OneWest acquisition. The dial-in numbers for the conference call and conference replay are contained in the earnings and merger press releases.

Regards,

Bob



Robert J. Ingato
EVP, General Counsel
Corporate

+1 973 740 5664 (tel)

Robert.Ingato@cit.com

One CIT Drive
Livingston, NJ 07039
www.cit.com

This email message and any accompanying materials may contain proprietary, privileged and confidential information of CIT Group Inc. or its subsidiaries or affiliates (collectively, "CIT"), and are intended solely for the recipient(s) named above. If you are not the intended recipient of this communication, any use, disclosure, printing, copying or distribution, or reliance on the contents, of this communication is strictly prohibited. CIT disclaims any liability for the review, retransmission, dissemination or other use of, or the taking of any action in reliance upon, this communication by persons other than the intended recipient(s). If you have received this communication in error, please reply to the sender advising of the error in transmission, and immediately delete and destroy the communication and any accompanying materials. To the extent permitted by applicable law, CIT and others may inspect, review, monitor, analyze, copy, record and retain any communications sent from or received at this email address.



FOR IMMEDIATE RELEASE

CIT TO ACQUIRE ONEWEST BANK FOR \$3.4 BILLION IN CASH AND STOCK

Acquisition Advances CIT's Bank Strategy

- *Transaction Is Immediately Accretive to CIT's Earnings Per Share*
- *Improves ROTCE and Accelerates Use of Net Operating Losses (NOL)*
- *CIT's Total Assets Will Increase to \$67 Billion; Total Deposits Will Increase to \$28 Billion¹*
- *Combines CIT's National Lending Platform with OneWest's Regional Branch Banking Network*
- *Ability to Leverage OneWest's Commercial Banking Capabilities to CIT's Customers*

Note: *CIT to Host Investor Conference Call and Webcast on Tuesday, July 22 at 8:00 AM EDT*

NEW YORK, NY – July 22, 2014 – [CIT Group Inc.](#) (NYSE: CIT) ("CIT"), a leading provider of commercial lending and leasing services, today announced that it has entered into a definitive agreement and plan of merger with IMB Holdco LLC, the parent company of OneWest Bank N.A. ("OneWest Bank"), for \$3.4 billion in cash and stock.

OneWest Bank is a privately owned regional bank formed in 2009 that operates 73 retail branches in Southern California, with approximately \$23 billion in assets, including commercial and residential mortgage loans, and \$15 billion in deposits. Following the close of the transaction, CIT Bank, CIT's banking subsidiary, will merge with OneWest Bank under the "CIT Bank" name and CIT will have assets of \$67 billion and \$28 billion in deposits. ¹

(1) Pro forma financial data based on unaudited CIT and OneWest data as of June 30, 2014.

CIT expects the transaction to be 20% accretive to earnings per share in 2016 generating an internal rate of return (IRR) of 15%.

CIT Group Inc. will continue to be led by [John A. Thain](#), Chairman and Chief Executive Officer. Following the close of the transaction, Steven T. Mnuchin, Chairman of IMB Holdco LLC, will join CIT Group Inc. as Vice Chairman and will also become a member of its Board of Directors. Alan Frank, an independent director from OneWest Bank will also join the CIT Board, increasing its size from 13 to 15 members.

“This transformational transaction will combine CIT’s national middle market lending platform with OneWest’s wholesale lending and branch banking franchise to create a unique provider of retail and institutional financial services,” said Mr. Thain. “The transaction diversifies and lowers the cost of CIT’s deposits, broadens the products we can offer to our middle market clients, is accretive to earnings and return on equity, and accelerates the utilization of our NOL, while maintaining a strong capital position. We look forward to welcoming OneWest Bank’s talented employees to CIT as we build our franchise and meet the financing needs of our customers.”

Mr. Mnuchin said, “We have spent the last five years building OneWest Bank into a premier regional bank in Southern California. We are confident that this transaction will provide our retail and commercial customers with access to the broad range of high-quality financial products and services offered by CIT, and allow OneWest to benefit from CIT’s expansive client base and global reach. I look forward to joining the CIT Board, and to ensuring a smooth integration of CIT Bank and OneWest for the benefit of both companies’ stakeholders.”

CONFIDENTIAL DRAFT - ATTORNEY CLIENT PRIVILEGED
7/21/14 – 5:25 PM
Draft #12

Under the terms of the Agreement, IMB Holdco LLC shareholders will receive \$2.0 billion in cash and 31.3 million shares of CIT Group Inc. common stock currently valued at \$1.4 billion assuming a CIT stock price of \$44.33.

The transaction has been approved by the boards of directors of both companies and is subject to customary closing conditions and regulatory approvals.

J.P. Morgan Securities LLC is serving as financial advisor to CIT, and Wachtell, Lipton, Rosen & Katz is serving as CIT's legal counsel. Goldman, Sachs & Co., Bank of America Merrill Lynch and Cleary, Gottlieb, Steen & Hamilton LLP represent IMB Holdco LLC. Sullivan & Cromwell is serving as joint regulatory counsel for CIT and IMB Holdco LLC.

Investor Conference Call and Supplementary Information

Mr. Thain and Scott T. Parker, Chief Financial Officer of CIT, will host a conference call at 8:00 AM EDT today, Tuesday, July 22, 2014, to discuss the definitive agreement, as well as CIT's second-quarter financial results. The press release and presentation accompanying the conference call remarks will be filed with the SEC and made available on CIT's Investor Relations website at www.cit.com/investor. Dial-in numbers for the conference call are as follows:

U.S. Toll Free	888-317-6003
International	412-317-6061
Canada Toll Free	866-284-3684
Elite Entry Code	3040694
Webcast	www.cit.com/investor

CONFIDENTIAL DRAFT - ATTORNEY CLIENT PRIVILEGED

7/21/14 – 5:25 PM

Draft #12

Please dial in or connect to the webcast at least 15 minutes prior to the start of the call in order to register and/or download any necessary software. A replay of the call will be available until 11:59 PM EDT on August 5, 2014.

Conference Replay:

U.S. Toll Free	877-344-7529
International Toll	412-317-0088
Canada Toll Free	855-669-9658
Elite Entry Code	10048563
Webcast	cit.com/investor

About CIT Bank

Founded in 2000, [CIT Bank](http://CITBank) (Member FDIC, Equal Housing Lender) is the U.S. commercial bank subsidiary of CIT Group Inc. (NYSE: CIT). It provides lending and leasing to the small business, middle market and transportation sectors. CIT Bank (BankOnCIT.com) offers a variety of savings options designed to help customers achieve their financial goals. As of June 30, 2014, it had approximately \$14 billion of deposits and more than \$18 billion of assets. cit.com/CITBank

About CIT

Founded in 1908, CIT (NYSE: CIT) is a financial holding company with approximately \$35 billion in financing and leasing assets. It provides financing, leasing and advisory services to its clients and their customers across more than 30 industries. CIT maintains leadership positions in [middle market lending](#), [factoring](#), [retail](#) and [equipment finance](#), as well as [aerospace](#), [equipment](#) and [rail leasing](#). CIT's U.S. bank subsidiary CIT Bank (Member FDIC), BankOnCIT.com, offers a variety of savings options designed to help customers achieve their financial goals. cit.com

About OneWest Bank

OneWest Bank is a Southern California bank, focused on delivering personalized, relationship-based banking to its customers. The bank has 73 retail branches conveniently located throughout Southern California to serve consumers and businesses, small and large. With total assets of \$23 billion, OneWest has the size and strength to offer a wide array of banking products and services and the stability to protect its depositors. OneWest is an FDIC-insured institution and funds deposited in the bank are insured up to the FDIC's insurance limit of \$250,000 per depositor. owb.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable federal securities laws that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “objective,” “plan,” “goal,” “project,” “outlook,” “priorities,” “target,” “intend,” “evaluate,” “pursue,” “commence,” “seek,” “may,” “would,” “could,” “should,” “believe,” “potential,” “continue,” or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements contained in this press release, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially. Important factors that could cause our actual results to be materially different from our expectations include, among others, the risk that (i) CIT does not receive or satisfy regulatory or other approvals and conditions on a timely basis or approvals are subject to conditions that are not anticipated, (ii) modifications to the terms of the transaction may be required in order to obtain or satisfy such approvals or conditions, (iii) there are changes in the anticipated timing for closing the transaction, (iv) there are difficulties and delays in integrating OneWest with CIT or fully realizing projected cost savings and other projected benefits of the transaction, (v) business disruption during the pendency of or following the transaction, including diversion of management time, reputation risk, and the reaction of customers and counterparties to the transaction, (vi) changes in asset quality and risk as a result of the transaction, (vii) CIT is unsuccessful in implementing its strategy and business plan, (viii) CIT is unable to react to and address key business and regulatory issues, and (ix) changes in general economic conditions, including changes in interest rates and capital markets. We describe these and other risks that could affect our results in Item 1A, “Risk Factors,” of our latest Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission. Accordingly, you should not place undue reliance on the forward-looking statements contained in this press release. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

###

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FOR IMMEDIATE RELEASE**CIT TO REPURCHASE UP TO \$500 MILLION OF COMMON STOCK**

*Follows Company's Success in Repurchasing
\$745 Million of Common Stock Since 2013*

NEW YORK – July 22, 2014 – [CIT Group Inc.](#) (NYSE: CIT) a leading provider of commercial lending and leasing services, today announced that its Board of Directors approved the repurchase of up to \$500 million of common stock through June 30, 2015. As of June 30, 2014, the Company has repurchased \$745 million of common stock since May 30, 2013. The Company also has approximately \$55 million remaining under its previously authorized program.

“This announcement reflects our continued efforts to increase shareholder value and follows our success in repurchasing \$745 million of common stock since early 2013 and our recent decision to increase our quarterly cash dividend by 50%,” said [John A. Thain](#), Chairman and Chief Executive Officer.

Management will determine the timing and amount of any share repurchases under the share repurchase authorizations based on market conditions and other considerations. The repurchases may be effected in the open market, through derivative, accelerated repurchase and other negotiated transactions, and through plans designed to comply with Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

EDITOR'S NOTE:

View CIT's corporate overview video (cit.com/corporatevideo) and CIT Perspectives (cit.com/perspectives), which showcase our insights and ability to put our knowledge to work for the small business, middle market and transportation sectors. Follow us on [Twitter](#), [LinkedIn](#), [YouTube](#) and [Facebook](#) or register to receive press releases at cit.com/newsalerts.

About CIT

Founded in 1908, CIT (NYSE: CIT) is a financial holding company with approximately \$35 billion in financing and leasing assets. It provides financing, leasing and advisory services to its clients and their customers across more than 30 industries. CIT maintains leadership positions in [middle market lending](#), [factoring](#), [retail](#) and [equipment finance](#), as well as [aerospace](#), [equipment](#) and [rail leasing](#). CIT's U.S. bank subsidiary CIT Bank (Member FDIC), BankOnCIT.com, offers a variety of savings options designed to help customers achieve their financial goals. [cit.com](#)

###

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FOR IMMEDIATE RELEASE

**CIT REPORTS SECOND QUARTER 2014 NET INCOME OF \$247 MILLION (\$1.29 PER DILUTED SHARE)
INCOME FROM CONTINUING OPERATIONS OF \$195 MILLION (\$1.02 PER DILUTED SHARE)**

- **Solid Asset Growth** – Finance and leasing assets grew 10% from a year ago;
- **Completed Sale of Additional Non-Strategic Portfolios** – Sold Small Business Lending and Student Loan assets/portfolios;
- **Continued Growth at CIT Bank** – Assets surpassed \$18 billion; deposits almost \$14 billion;
- **Advanced Capital Return** – Repurchased 9.4 million common shares in the quarter; increased quarterly dividend 50% to \$0.15 per share;
- **Maintained Strong Capital Ratios** – Tier 1 Capital Ratio of 16.0% and Total Capital Ratio of 16.7%.

NEW YORK – July 22, 2014 – [CIT Group Inc.](#) (NYSE: CIT), a leading provider of commercial lending and leasing services, today reported net income of \$247 million, \$1.29 per diluted share, for the second quarter of 2014, compared to net income of \$184 million, \$0.91 per diluted share, for the year-ago quarter. During the quarter, we completed the sale of the \$3.3 billion Student Loan portfolio along with certain secured debt and servicing rights, generating income of \$52 million net of taxes. As a result of the sale, the financial results of the Student Lending business are reported as a discontinued operation for all periods presented. Income from continuing operations for the second quarter was \$195 million, \$1.02 per diluted share compared to \$176 million, \$0.87 per diluted share, for the year-ago quarter.

Net Income for the six month period ended June 30, 2014 was \$364 million, \$1.88 per diluted share, compared to \$346 million, \$1.71 per diluted share, for the period ended June 30, 2013. Income from continuing operations for the six month period ended June 30, 2014 was \$310 million, \$1.60 per diluted share, compared to \$329 million, \$1.62 per diluted share for the period ended June 30, 2013.

“We had a solid second quarter and made good progress strengthening our franchise,” said John Thain, Chairman and Chief Executive Officer. “We grew our commercial assets by 3%, repurchased 9.4 million common shares and announced the acquisition of Direct Capital Corporation while completing the sale of certain non-strategic portfolios. We continue to focus on building long-term value by growing our earning assets, expanding CIT Bank, achieving our profitability targets and returning capital to our shareholders.”

Summary of Second Quarter Financial Results from Continuing Operations

All references in this section relate to continuing operations and therefore do not include any of the assets or results of operations of the discontinued operation.

Second quarter results reflect growth in earning assets and a further shift to deposit funding. Additionally, net income reflected benefits from loan prepayments, lower credit costs as well as the restructuring of two aircraft securitizations in our TRS facility that positively impacted interest expense and other income.

Total assets from continuing operations¹ at June 30, 2014 were \$44.2 billion, down from \$44.9 billion at March 31, 2014, reflecting the use of cash to repay the \$1.3 billion debt maturity on April 1, 2014, and up from \$40.7 billion at June 30, 2013. Financing and leasing assets in North American Commercial Finance and Transportation & International Finance increased to \$34.1 billion, an increase of \$1.3 billion (4%) from March 31, 2014 and \$4.3 billion (15%) from a year ago. The sequential quarter increase was driven by solid origination volumes while the increase from the year-ago quarter also included the acquisition of Nacco in the first quarter of 2014, which added approximately \$0.65 billion of financing and leasing assets. The Non-Strategic Portfolios declined by approximately \$0.5 billion from March 31, 2014, and by \$1.3 billion from a year ago, to \$0.7 billion, reflecting portfolio run off and asset sales including the completion of the sale of the Small Business Lending portfolio in June 2014. Total loans of \$18.6 billion increased slightly from March 31, 2014 and by \$0.4 billion from a year ago, reflecting new loan originations partially offset by asset sales. Operating lease equipment increased \$0.6 billion from March 31, 2014 and \$2.5 billion from a year ago to \$14.8 billion, reflecting the Nacco acquisition and other equipment purchases. Cash and investments of \$7.3 billion were down \$1.7 billion from March 31, 2014 and were relatively flat from June 30, 2013.

Net finance revenue² was \$361 million compared to \$367 million in the year-ago quarter and \$322 million in the prior quarter. Average earning assets were \$33.2 billion in the current quarter, up from \$30.1 billion in the year-ago quarter and \$32.1 billion in the prior quarter. Net finance revenue as a percentage of average earning assets ("net finance margin") was 4.35%, compared to 4.87% in the year-ago quarter and 4.01% in the prior quarter. Excluding the impact of debt redemptions³, net finance margin was 4.26% compared to 4.97% in the year-ago quarter and 4.01% in the prior quarter. The reduction from the year-ago quarter primarily reflects portfolio re-pricing, the sale of higher-yielding Dell Europe assets, and declines in net FSA accretion. The increase from the prior quarter reflects lower funding costs, a reduction in maintenance and other operating lease expenses, and higher interest recoveries.

¹ Total assets from continuing operations is a non-GAAP measure. See "Non-GAAP Measurements" at the end of this press release and page 17 for reconciliation of non-GAAP to GAAP financial information.

² Net finance revenue, finance margin and net operating lease revenue are non-GAAP measures. See "Non-GAAP Measurements" at the end of this press release and page 17 for reconciliation of non-GAAP to GAAP financial information.

³ Debt redemption impacts include accelerated FSA net discount/(premium) accretion and accelerated original issue discount. See "Non-GAAP Measurements" at the end of this press release and page 17 for reconciliation of non-GAAP to GAAP financial information.

Other income of \$94 million increased from \$79 million in the year-ago quarter and from \$71 million in the prior quarter. The current quarter includes an acceleration of counterparty receivable accretion of \$9 million related to the aircraft securitization restructuring as well as a positive mark to market on the TRS derivative of \$11 million.

Operating expenses were \$225 million compared to \$226 million in the year-ago quarter and \$234 million in the prior quarter. Excluding restructuring costs⁴, operating expenses were \$219 million, relatively flat to \$217 million in the year-ago quarter and down from \$224 million in the prior quarter. The decline from the prior quarter is primarily due to lower employee costs while the year-ago quarter also included lower deposit related costs and a benefit in professional fees. Headcount at June 30, 2014 was approximately 3,170, down from approximately 3,420 a year ago and approximately 3,200 at March 31, 2014.

The provision for income taxes was \$18 million, primarily reflecting the recognition of income tax expense on international earnings, down from \$29 million in the year-ago quarter and up from \$14 million in the prior quarter. The year-ago quarter included over \$20 million related to the establishment of valuation allowances on certain international deferred tax assets.

Credit and Allowance for Loan Losses

Credit metrics remain at or near cycle lows. Non-accrual loans declined to \$190 million, or 1.02% of finance receivables, at June 30, 2014 from \$218 million (1.18%) at March 31, 2014 and \$279 million (1.53%) at June 30, 2013, reflecting the sale of the Small Business Lending portfolio.

Net charge-offs were \$21 million, or 0.45% of average finance receivables (AFR), versus \$29 million (0.63%) in the year-ago quarter and \$36 million (0.76%) in the prior quarter. Recoveries of \$8 million were lower than the \$19 million recorded in the year-ago quarter and essentially flat with the prior quarter. Net charge-offs in Transportation & International Finance of \$13 million, 1.48% of AFR, include \$9 million related to the transfer of receivables to Assets Held for Sale. Transportation & International Finance net charge-offs were a \$1 million (0.12%) net recovery a year-ago and \$13 million (1.47%) in the prior quarter. Net charge-offs in North American Commercial Finance were \$9 million, (0.23%), up from \$4 million (0.12%) a year-ago and below \$16 million (0.43%) in the prior quarter. Non-Strategic Portfolios had a net recovery of \$1 million, compared to a net charge-off of \$26 million in the year-ago quarter and \$7 million in the prior quarter, as both prior periods were impacted by the transfer of receivables to Assets Held for Sale. The provision for credit losses was \$10 million, down from \$15 million in the year-ago quarter and \$37 million in the prior quarter reflecting lower net charge-offs and lower reserve build due to portfolio composition.

The allowance for loan losses was \$341 million (1.83% of finance receivables) at June 30, 2014, compared to \$353 million (1.90%) at March 31, 2014 and \$367 million (2.02%) at June 30, 2013. Specific

⁴ Operating expenses excluding restructuring costs is a non-GAAP measure. See "Non-GAAP Measurements" at the end of this press release and page 17 for reconciliation of non-GAAP to GAAP financial information.

reserves were \$22 million at June 30, 2014, compared to \$26 million at March 31, 2014 and \$43 million at June 30, 2013 with the reduction being a result of a combination of charge-offs and loan repayments.

Capital and Funding

Preliminary Tier 1 and Total Capital ratios at June 30, 2014 were 16.0% and 16.7%, respectively, compared to 16.3% and 17.0% at June 30, 2013 and down slightly from March 31, 2014. Preliminary risk-weighted assets totaled \$51.0 billion at June 30, 2014, down from \$51.8 billion at March 31, 2014 and up slightly from \$50.7 billion at June 30, 2013, reflecting the sale of Student Loans and Small Business Lending in the current quarter. Book value per share at June 30, 2014 grew to \$46.42 from \$45.10 at March 31, 2014 and \$43.16 at June 30, 2013. Tangible book value per share⁵ at June 30, 2014 increased to \$44.16, from \$42.94 at June 30, 2013 and \$41.33 at June 30, 2013.

Cash and short-term investment securities totaled \$6.8 billion at June 30, 2014, and were comprised of \$6.4 billion of cash and \$0.4 billion of short-term investment securities, compared to \$8.5 billion at March 31, 2014 and \$6.8 billion at June 30, 2013. Cash and short-term investment securities at June 30, 2014 consisted of \$1.8 billion related to the bank holding company and \$2.8 billion at CIT Bank, with the remainder comprised of cash at operating subsidiaries and restricted balances. CIT had approximately \$1.4 billion of unused and committed liquidity under a \$1.5 billion revolving credit facility at June 30, 2014.

Deposits grew approximately \$0.7 billion during the quarter to \$13.9 billion, in line with the asset growth at CIT Bank. At June 30, 2014, deposits represented approximately 44% of CIT Group funding, with unsecured and secured borrowings comprising 39% and 17% of the funding mix, respectively. The change in the funding mix from the prior quarter reflects the extinguishment of secured borrowings associated with the sale of the Student Lending business and the repayment of \$1.3 billion of unsecured debt. The weighted average coupon rate on outstanding deposits and long-term borrowings in continuing operations was 3.20% at June 30, 2014, compared to 3.39% at June 30, 2013 and 3.33% at March 31, 2014.

During the quarter, CIT Bank drew down \$125 million from a facility with the Federal Home Loan Bank (FHLB) Seattle to fund commercial real estate transactions and renewed and extended an existing \$1 billion equipment finance conduit facility. Additionally, CIT Group restructured two aircraft securitizations financed through the TRS.

During the second quarter, we repurchased over 9.4 million shares for an aggregate purchase price of \$416 million, bringing the total repurchases for 2014 to approximately 12.3 million shares at an average price of \$44.81, or an aggregate of approximately \$552 million. Approximately \$55 million of the \$607 million authorized repurchase capacity remains. On July 15, 2014, the Board approved an increase to CIT's quarterly

⁵ Tangible book value and tangible book value per share are non-GAAP measures. See "Non-GAAP Measurements" at the end of this press release and page 17 for reconciliation of non-GAAP to GAAP financial information.

cash dividend from \$0.10 per share to \$0.15 per share. The dividend is payable on August 29, 2014 to shareholders of record on August 15, 2014.

Discontinued Operation

On April 25, 2014, we completed the sale of our Student Loan portfolio along with certain secured debt and servicing rights. As a result, the Student Lending business is reported as a discontinued operation for all periods presented. Income from discontinued operation, net of taxes, was \$52 million, reflecting the benefit of proceeds received in excess of the net carrying value of assets and liabilities sold, up from \$8 million in the year-ago quarter and \$2 million in the prior quarter.

Segment Highlights

Transportation & International Finance

Pre-tax earnings for the quarter were \$148 million, down from \$158 million in the year-ago quarter and up from \$118 million sequentially. Pre-tax earnings this quarter included \$7 million net benefit in interest expense due to the refinancing of secured debt within the TRS, while the year-ago quarter included \$5 million of debt redemption charges. Excluding these items, pre-tax earnings declined \$21 million from the prior year primarily due to lower gains on sale and increased \$23 million sequentially reflecting increased net finance revenue, decreased credit costs and lower operating expenses.

Financing and leasing assets grew to \$18.4 billion at June 30, 2014, up sequentially from \$17.6 billion and from \$15.4 billion a year ago. The sequential increase reflected growth in all divisions except International Finance with Aerospace accounting for approximately 80% of the growth. The \$3.0 billion, or 19%, increase from June 2013 included \$1.4 billion of growth in Rail, including the European rail acquisition in the 2014 first quarter, \$1.2 billion in Aerospace, and \$0.3 billion in Maritime. Assets Held for Sale increased to \$0.7 billion largely due to the addition of \$0.5 billion of loans from our International Finance division. New business volume was \$1.4 billion and consisted of \$0.9 billion of lease equipment, including the delivery of 13 aircraft and approximately 2,500 railcars, and the funding of \$0.5 billion of finance receivables.

Net finance revenue was \$222 million, up from the year-ago quarter and sequentially, due primarily to asset growth. Net finance margin was 4.91% compared to 5.12% in the year-ago quarter and 4.73% in the prior quarter. Excluding the impact from debt redemptions, margin was 4.75%, down from the year-ago quarter reflecting lower net rental yields in air and flat sequentially as lower maintenance and operating lease expense offset reduced loan prepayment benefits. Other income was \$10 million, down from the year-ago quarter and up sequentially largely reflecting changes in gains on asset sales.

Provision for credit losses was \$8 million, up from the year-ago quarter and down sequentially reflecting fluctuations in the international portfolio. Credit metrics in the current quarter includes \$9 million of reserves charged-off against the International Finance assets transferred to Assets Held for Sale.

Operating expenses were \$76 million, up from a year ago reflecting the European rail acquisition and our continued investment in growth initiatives. Operating expenses were down sequentially reflecting lower legal and employee costs.

Utilization remained strong with all but one commercial aircraft and over 98% of rail equipment on lease or under a commitment at quarter-end. All but one aircraft scheduled for delivery in the next 12 months, and approximately 87% of all railcars on order, have lease commitments. Gross yields in Aerospace were 12.2%, down sequentially reflecting reduced prepayment benefits in the loan portfolio and lease re-pricings, while gross yields in Rail declined slightly to 14.4% due in part to holding the European rail portfolio for the full quarter.

North American Commercial Finance

Pre-tax earnings for the quarter were \$93 million, improved from \$87 million in the year-ago quarter and from \$43 million in the prior quarter. The improvement from the year-ago quarter was largely attributable to lower credit costs and higher non-spread revenue, while the sequential quarter increase also reflected a prepayment benefit.

Financing and leasing assets grew to \$15.7 billion, up from \$15.2 billion at March 31, 2014 and from \$14.3 billion at June 30, 2013, reflecting solid new business volumes. Funded loan and lease volume totaled \$1.6 billion, down from \$1.7 billion in the year-ago quarter, and up from \$1.4 billion in the prior quarter, in line with typical seasonal trends. The decrease in volume from the year-ago quarter reflected modest declines in Corporate Finance and Real Estate Finance partially offset by an increase in Equipment Finance. The sequential improvement in volume was across all divisions.

Net finance revenue of \$146 million was essentially unchanged from the year-ago quarter and improved from the prior quarter. Net finance margin was 4.13% compared to 4.53% in the year-ago quarter and 3.64% in the prior quarter. The decline in net finance margin from the year-ago quarter primarily reflects lower portfolio yields in Corporate Finance and Equipment Finance and lower benefits from net FSA accretion. The sequential quarter improvement is largely due to the benefits of a prepayment in the current quarter. Other income was \$70 million, compared to \$65 million in the year-ago quarter and \$62 million in the prior quarter, and included benefits from both investment gains and counterparty receivable accretion. Operating expenses were \$120 million, up from \$118 million in the year-ago quarter, which benefited from a litigation settlement, and improved slightly from \$122 million in the prior quarter.

Credit metrics remained at or near cycle lows. Non-accrual loans of \$132 million (0.86% of finance receivables) were essentially unchanged from March 31, 2014, and improved from \$178 million (1.27%) a

year ago. The current quarter provision for credit losses reflects primarily lower charge-offs, largely in Corporate Finance, and lower reserve build due to portfolio composition. Net charge-offs were \$9 million (0.23% of average finance receivables), compared to \$4 million (0.12%) in the year-ago quarter and \$16 million (0.43%) in the prior quarter, and include a lower level of recoveries than in the comparable periods.

Non-Strategic Portfolios

Pre-tax losses for the quarter were \$10 million, compared to pre-tax losses of \$20 million in the year-ago quarter and \$8 million in the prior quarter. Net finance revenue declined from prior periods due to the continued reduction in asset levels. The results compared to the year-ago quarter were also impacted by higher other income and lower credit costs and operating expenses, whereas the sequential impact from these items was minimal.

Financing and leasing assets declined to \$0.7 billion at June 30, 2014. Financing and leasing assets were down from \$1.1 billion at March 31, 2014, primarily due to the sale of the Small Business Lending portfolio, and from \$2.0 billion at June 30, 2013, also reflecting international portfolio sales and runoff.

Corporate and Other

Certain items are not allocated to operating segments and are included in Corporate and Other, including unallocated interest expense, primarily related to corporate liquidity costs, restructuring charges, certain legal costs and indirect costs associated with the former Student Lending business that are not recorded in discontinued operation. Operating expenses included restructuring charges of \$6 million in the current quarter, compared to approximately \$10 million each in the year-ago and prior quarters.

CIT Bank

Total assets were \$18.3 billion at June 30, 2014, up from \$16.8 billion at March 31, 2014 and \$13.9 billion at June 30, 2013. CIT Bank funded \$2.0 billion of new business volume, up 11% from the year-ago quarter and up 23% sequentially. Loans totaled \$13.4 billion, up from \$12.6 billion at March 31, 2014 and \$10.2 billion at June 30, 2013. Operating lease equipment of \$1.8 billion, primarily railcars and now four aircraft, increased from \$1.5 billion at March 31, 2014 and \$0.9 billion at June 30, 2013. Cash totaled \$2.8 billion at June 30, 2014, up from \$2.4 billion at March 31, 2014, and from \$2.5 billion at June 30, 2013. Preliminary Tier 1 and Total Capital ratios were 15.2% and 16.5%, respectively, at June 30, 2014.

Deposits at quarter-end were \$13.9 billion, up from \$13.1 billion at March 31, 2014 and \$11.1 billion at June 30, 2013. Online retail deposits surpassed \$7.0 billion. The weighted average rate on outstanding deposits was 1.6% at June 30, 2014.

Conference Call and Webcast

Chairman and Chief Executive Officer [John A. Thain](#) and Chief Financial Officer [Scott T. Parker](#) will discuss these results on a conference call and audio webcast today, July 22, 2014, at 8:00 a.m. (EDT). Interested parties may access the conference call live by dialing 888-317-6003 for U.S., 866-284-3684 for Canadian callers or 412-317-6061 for international callers and reference access code "3040694" or access the audio webcast at cit.com/investor. An audio replay of the call will be available until 11:59 p.m. (EDT) on August 5, 2014, by dialing 877-344-7529 for U.S. callers, 855-669-9658 for Canadian callers or 412-317-0088 for international callers with the access code "10048563", or at cit.com/investor.

About CIT

Founded in 1908, CIT (NYSE: CIT) is a financial holding company with approximately \$35 billion in financing and leasing assets. It provides financing, leasing and advisory services to its clients and their customers across more than 30 industries. CIT maintains leadership positions in [middle market lending](#), [factoring](#), [retail and equipment finance](#), as well as [aerospace](#), [equipment](#) and [rail leasing](#). CIT's U.S. bank subsidiary CIT Bank (Member FDIC), BankOnCIT.com, offers a variety of savings options designed to help customers achieve their financial goals. cit.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable federal securities laws that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "commence," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements contained in this press release, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially. Important factors that could cause our actual results to be materially different from our expectations include, among others, the risk that CIT is unsuccessful in implementing its strategy and business plan, the risk that CIT is unable to react to and address key business and regulatory issues, the risk that CIT is unable to achieve the projected revenue growth from its new business initiatives or the projected expense reductions from efficiency improvements, the risk that CIT is delayed in implementing its branch strategy, and the risk that CIT becomes subject to liquidity constraints and higher funding costs. We describe these and other risks that could affect our results in Item 1A, "Risk Factors," of our latest Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission. Accordingly, you should not place undue reliance on the forward-looking statements contained in this press release. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

Non-GAAP Measurements

Net finance revenue, net operating lease revenue, and adjusted net finance revenue are non-GAAP measurements used by management to gauge portfolio performance. Operating expenses excluding restructuring costs is a non-GAAP measurement used by management to compare period over period expenses. Tangible book value and tangible book value per share are non-GAAP metrics used to analyze banks.

###

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###

From: Cheatham, James
Sent: Tuesday, July 22, 2014 8:29 AM
To: Quezada, Andre; Nobles, Topaz J; Guo, Cindy; Adedoyin, Mobolaji; Kindler, Zev (Zev.Kindler@ny.frb.org); Grunwald, Aviva
Subject: FW: Confidential Announcements
Attachments: 07 22 2014 clean CIT TO REPURCHASE UP TO \$500 MILLION OF COMMON STOCK d....docx; 07 21 2014 CIT ANNOUNCES AGREEMENT TO ACQUIRE DRIVER draft V12.doc; CIT Q2 2014 Earnings Release Final.docx

FYI

From: Robert.Ingato@cit.com [<mailto:Robert.Ingato@cit.com>]
Sent: Monday, July 21, 2014 6:09 PM
To: Ricketti, John; Cheatham, James
Cc: john.thain@cit.com; nelson.chai@cit.com
Subject: Confidential Announcements

Duplicate Email Captured in the Email Chain on July 21, 2014 at 6:12pm (above).

The three attachments (totaling 16 pages) are duplicate copies of the attachments to the July 21, 2014 Email at 6:12pm (above)

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From: [Suzanne Killian](#)
To: [Phyllis Harwell](#)
Subject: Re: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-
Date: Tuesday, July 22, 2014 8:35:13 AM

Thanks.

From: Phyllis Harwell
Sent: Tuesday, July 22, 2014 08:34 AM Eastern Standard Time
To: Suzanne Killian
Subject: FW: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-

Fyi

From: Phyllis Harwell
Sent: Tuesday, July 22, 2014 8:34 AM
To: Bill Sarvey
Cc: Annett Castro-Kirkpatrick; Tim Robertson
Subject: RE: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-

Okay – thanks!

From: Bill Sarvey
Sent: Tuesday, July 22, 2014 8:33 AM
To: Phyllis Harwell
Cc: Annett Castro-Kirkpatrick; Tim Robertson
Subject: RE: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-

Yes, you are right. (b)(5) & (8)

From: Phyllis Harwell
Sent: Tuesday, July 22, 2014 8:32 AM
To: Bill Sarvey
Cc: Annett Castro-Kirkpatrick; Tim Robertson
Subject: RE: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-

(b)(5)

I don't have the portfolio listing in front of me.

From: Bill Sarvey
Sent: Tuesday, July 22, 2014 8:18 AM
To: Phyllis Harwell
Cc: Annett Castro-Kirkpatrick; Tim Robertson

Subject: RE: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-

Yes, (b)(5) & (8)

From: Phyllis Harwell

Sent: Tuesday, July 22, 2014 7:38 AM

To: Bill Sarvey

Cc: Tim Robertson; Annett Castro-Kirkpatrick

Subject: Fw: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends

If I recall correctly, CIT is in the NY (b)(5) & (8)

From: DealBook [<mailto:nytdirect@nytimes.com>]

Sent: Tuesday, July 22, 2014 07:28 AM Eastern Standard Time

To: Phyllis Harwell

Subject: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends

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TUESDAY, JULY 22, 2014

TODAY'S TOP HEADLINES

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PRIVATE EQUITY Newell Rubbermaid to Buy Beverage Container Business

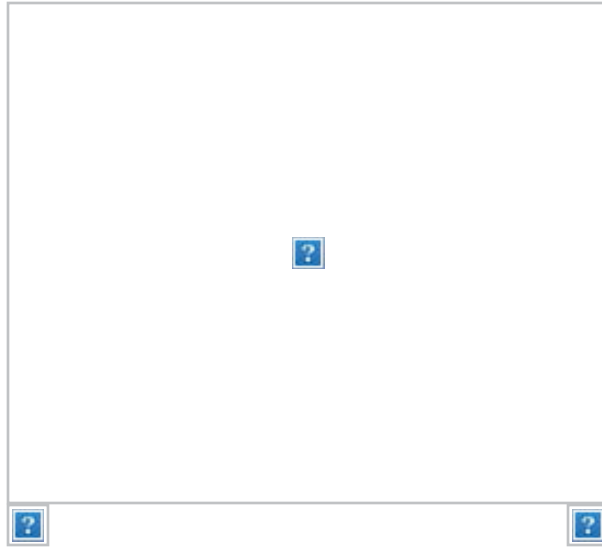
HEDGE FUNDS Elliott Management Expected to Consider Activist Options for EMC

OFFERINGS Chinese Pork Producer Rekindles Hopes For I.P.O.

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BY SYDNEY EMBER

CIT TO BUY ONEWEST FOR \$3.4 BILLION CIT Group, the lender to small and midsize businesses run by John A. Thain, said on Tuesday that it had agreed to acquire the parent company of OneWest Bank for \$3.4 billion in cash and stock, [DealBook's Michael J. de la Merced writes](#). The deal will bolster CIT's lending abilities by more than doubling its deposit base. OneWest currently manages \$15 billion in deposits, as well as \$23 billion in assets, including commercial and home mortgages. It will merge with CIT's own bank, **creating a subsidiary with \$28 billion in deposits and \$67 billion in assets.**

Under the terms of the deal, CIT will pay \$2 billion in cash and 31.3 million of its own shares valued at \$1.4 billion. CIT expects the deal to grow 2016 earnings per share by 20 percent, while creating an internal rate of return of 15 percent. **The takeover will unite two once-troubled institutions.** CIT was forced to reorganize itself through a quick bankruptcy filing in 2009 after being battered during the financial crisis. And OneWest was formed from the remains of IndyMac, a once major savings and loan in Southern California that tumbled during the housing bust.

INVESTORS TO DIRECTORS: CAN WE TALK? In corporate America, shareholders vote for directors, but directors rarely, if ever, communicate with them, [Andrew Ross Sorkin writes in the DealBook column](#). "Within the clubby world of directors,

communicating with shareholders, big or small, is overtly frowned upon," he writes. "That's why it was so unusual for at least 1,000 large United States public companies to receive a letter this month from a group of shareholders representing more than \$10 trillion in assets with a demand: Talk to us."

What was uncommon about the letter was that it came not from activist investors, but from institutional investors that until recently had traditionally always supported whatever a company's board recommended, Mr. Sorkin writes. **Boards have long shunned speaking with investors** for several reasons, including concern about accidentally disclosing sensitive information. Some chief executives also don't want shareholders to get too close to their boards lest they have undue influence.

"There is a potential downside for all this transparency, too: If a board becomes too enamored with a particular view from a particular set of shareholders, it could lead to **short-term thinking that undermines long-term performance**," Mr. Sorkin writes. "In the age of activism that is clearly not going away, it would seem that some form of engagement from directors with shareholders – rather than directors simply taking their cues from management – would go a long way toward **helping boards work on behalf of all shareholders** rather than just the most vocal."

HEDGE FUNDS' TAX STRATEGY UNDER FIRE A Senate investigation has found that hedge funds used complex financial structures to claim billions of dollars in tax savings, **DealBook's Alexandra Stevenson writes**. Between 1998 and 2013, more than a dozen hedge funds conducted hundreds of billions of dollars in trades using hundreds of structures, known as "basket options," created by Barclays and Deutsche Bank, the Senate Permanent Subcommittee on Investigations said in a **93-page report on Monday**.

The Senate subcommittee estimated that over a period of more than a decade, James H. Simons's Renaissance Technologies **avoided more than \$6 billion in taxes alone**. Other hedge funds, including Steven A. Cohen's SAC Capital Advisors, also used basket options. The findings – based largely on an investigation into the two biggest users of the products, Renaissance and George Weiss Associates – will be the **subject of a Senate panel hearing on Tuesday** in Washington. Peter Brown, the co-chief executive of Renaissance, and senior executives from Barclays and Deutsche Bank are scheduled to testify.

Ms. Stevenson writes: "The basket options under scrutiny were structured as accounts that **allowed hedge funds to bypass taxes on short-term trades**. Barclays and Deutsche Bank used the options to build special accounts for their hedge fund clients in their own names and claimed they owned the assets when it was, in fact, the hedge fund clients

that exercised full control of the assets, determining each trade and reaping all the profits, the Senate investigation found." The basket options were also structured to allow hedge funds to **borrow greater amounts of money to trade**.

ON THE AGENDA The **consumer price index** is out at 8:30 a.m. The Federal Housing Finance Agency **house price index** is released at 9 a.m. Data on **existing home sales** is out at 10 a.m. **Pershing Square Capital Management** holds a live presentation and webcast at 10 a.m. about its investigation into the nutritional supplements company Herbalife. **Apple** reports its quarterly results after the market closes.

On the Hill: As noted above, the Senate Permanent **Subcommittee on Investigations** holds a hearing at 9:30 a.m. on hedge funds' use of tactics to convert short-term trading profits into lower-taxed, long-term capital gains. The Senate Banking Committee's **Subcommittee on Housing, Transportation and Community Development** holds a hearing at 3 p.m. on building economically resilient communities.

CASH CROPS WITH DIVIDENDS For nearly a decade, hedge funds have scoured the globe for cheap land as food prices have soared, positioning themselves to profit from the growing demand, [Alexandra Stevenson writes in DealBook](#). Now, a small but growing group of sophisticated investors and bankers are combining crops and their soil into an asset class that ordinary investors can buy a piece of.

The latest wave of interest in farmland was generated by the 2008 financial crisis, when investors were drawn to farmland because it seemed more tangible than sliced-and-diced securities. And though there have been challenges, **even Wall Street has gotten into the game**. Farmland Partners and the Gladstone Land Corporation, two real estate investment trusts that also own and lease farmland, are already trading on the Nasdaq stock exchange. Another, American Farmland, is a private company, but its founder, D. Dixon Boardman, is pitching the vision to Wall Street.

Still, though the value of farmland in the United States has appreciated on average by 8.4 percent over the last year and 4.7 percent annually since 1990, **not everyone thinks farmland values will continue to rise endlessly**. And as the financial world's interest in farmland grows, some observers have raised concerns about the new landowners' switching to crops that pay better but that work the soil too hard and use up precious resources like water.

Contact: [@melbournecoal](#) / [E-mail](#)

MERGERS & ACQUISITIONS »

In Takeover Bid, Valeant Complains to Regulators

About Botox Maker As a bitter takeover battle drags on, Valeant Pharmaceuticals contends that Allergan has made false

statements about the sales of some Valeant products.

- [DEALBOOK](#) »

Time Warner Cancels Shareholders' Ability to Call Special Board Meeting The company amended its corporate bylaws as part of a temporary move that gives Time Warner more freedom to oppose a takeover offer from 21st Century Fox.

- [DEALBOOK](#) »

Yahoo Acquires Flurry to Bolster Mobile Offerings Yahoo announced Monday that it had agreed to acquire Flurry, a mobile ad and analytics company, for an undisclosed price, the Bits blog writes. The purchase will give Yahoo insight into how apps are used on the 1.4 billion mobile devices that run Flurry's software, as well as access to Flurry's mobile ad technology.

- [NEW YORK TIMES BITS](#)

CBS Outdoor in \$690 Million Deal for Advertising Assets The acquisition of outdoor advertising businesses from Van Wagner Communications comes just four months after CBS Outdoor was spun out of CBS.

- [DEALBOOK](#) »

Ex-Executive of Autonomy Seeks to Block HP Settlement Over Disastrous Deal Autonomy's former chief financial officer, Sushovan Hussain, sought a judge's intervention to block the proposed settlement between HP and some shareholders over the takeover.

- [DEALBOOK](#) »

[INVESTMENT BANKING](#) »

Credit Suisse Posts Largest Loss Since 2008 After U.S. Fine The Swiss bank posted a second-quarter loss of 700 million Swiss francs, or about \$779 million, a steeper decline than analysts had expected.

- [DEALBOOK](#) »

Credit Suisse and Fidelity to Team Up for I.P.O.s The two firms said that they were teaming up to give Fidelity's retail brokerage clients access to I.P.O.s and follow-on stock sales underwritten by Credit Suisse.

- [DEALBOOK](#) »

Britain's Serious Fraud Office Joins Extensive Foreign-

Exchange Inquiry Britain's Serious Fraud Office is joining various regulators who are investigating allegations of abuse in the multitrillion-dollar foreign exchange market.



- [DEALBOOK](#) »

Wall Street Not on Guest List for Jackson Hole Fed Conference

As the Federal Reserve Bank of Kansas City prepares to host next month's annual gathering of central bankers in Wyoming, seasoned Fed watchers from the financial markets, including chief economists at the biggest United States banks, are not being invited, according to past participants, Bloomberg News reports.

- [BLOOMBERG NEWS](#)

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PRIVATE EQUITY »

Newell Rubbermaid to Buy Beverage Container Business Newell Rubbermaid has agreed to acquire Ignite Holdings, a maker of beverage containers sold under the Contigo and Avex brands, from the private equity firm North Castle Partners for about \$308 million.

- [BLOOMBERG NEWS](#)

China's Huarong to Sell \$2 Billion Stake Goldman Sachs and the private equity firm Warburg Pincus are said to be among a group of investors nearing a deal to buy an up to 20 percent stake in China Huarong Asset Management for about \$2 billion, Reuters reports, citing unidentified people familiar with the situation.

- [REUTERS](#)
-

[HEDGE FUNDS »](#)

Elliott Management Expected to Consider Activist Options for EMC

The hedge fund Elliott Management has built up a position worth at least \$1 billion in EMC Corporation, the computer storage company, with the intent of pushing for a breakup, people briefed on the matter said.



- [DEALBOOK »](#)

Jana Partners Wants Changes at Apache

The activist investor Jana Partners has built a stake worth more than \$1 billion in the oil and gas producer Apache and is calling for the company to sell off its international holdings and drill exclusively on American soil, The Wall Street Journal reports.

- [WALL STREET JOURNAL](#)
-

[I.P.O./OFFERINGS »](#)

Chinese Pork Producer Rekindles Hopes For I.P.O.

Three months after it scrapped plans for a \$5.3 billion share sale in Hong Kong, China's WH Group, the world's biggest pork producer, is back with a leaner offering that will seek to raise about \$2 billion.

- [DEALBOOK »](#)

Fantex Completes Second Football Player I.P.O., Though Demand Is Slack

The start-up offered shares linked to the future income of E.J. Manuel of the Buffalo Bills but had to step in to buy 48 percent of the amount offered.



- [DEALBOOK »](#)

Alibaba Says It Relies on Markets, Not Connections

In response to an article about the political connections of some of its shareholders, Alibaba discounted the notion that their backgrounds helped drive its business.

- [DEALBOOK](#)

For Alibaba Investors, the Benefits and Risks of Trusting Jack Ma

Alibaba's founder will continue to exert near-total control of the Chinese e-commerce giant even after its I.P.O. Can shareholders trust him to act in their interest? Up to a point, John Foley of Reuters Breakingviews writes.



- [DEALBOOK »](#)
-

[VENTURE CAPITAL »](#)

How Wearable Technology Made Carmelo Anthony a Tech Investor

M7 Tech Partners, a venture capital

partnership between Carmelo Anthony and a former NBC executive, will invest in wearable technology and other consumer tech companies.

- [DEALBOOK](#) »



[LEGAL/REGULATORY](#) »

Wall Street's New Enforcers Aim to Muzzle Whistle-Blowers Jordan Thomas and Tom Devine call on the Securities and Exchange Commission to take steps to encourage and protect whistle-blower reporting.

- [DEALBOOK](#) »



The Difficulty in Holding Executives Accountable A Senate bill aims to hold executives responsible for failing to report dangerous product defects, but hurdles to a prosecution remain, Peter J. Henning writes in the White Collar Watch column.

- [DEALBOOK](#) »



Did Dodd-Frank Work? We really have no way of knowing whether "too big to fail" is still with us until we have another crisis, Joe Nocera writes in a New York Times Op-Ed article.

- [NEW YORK TIMES](#)

Flush Times, but Money Isn't Going Into Productivity Capital spending improves worker productivity, and worker productivity leads to better living standards, Neil Irwin writes on The Upshot.

- [NEW YORK TIMES UPSHOT](#)

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From: Michael Lipman <michael.s.lipman@frb.gov>
Sent: Tuesday, July 22, 2014 8:37 AM
To: Cheatham, James; Quezada, Andre
Subject: FW: CIT announced the Acquisition of OneWest w/ 2Q14 this morning -FRSONLY-
Attachments: CIT PR OneWest Acquisition 7.22.14.PDF; OneWest Presenation 7.22.14.PDF

I'm sure you've already seen.

Do you know if they have formally submitted a FRB merger application?

Just go back from vacation this morning.

From: Michael Lipman
Sent: Tuesday, July 22, 2014 8:30 AM
To: Jevon Gordon; Jonathan Mueller
Cc: Celeste Molleur
Subject: CIT announced the Acquisition of OneWest w/ 2Q14 this morning -FRSONLY-

See Attachments

8am CC is ongoing.

Michael Lipman
Banking Supervision and Regulation
Federal Reserve Board of Governors
(202) 912-4605

(b)(6) (Cell)



FOR IMMEDIATE RELEASE

CIT TO ACQUIRE ONEWEST BANK FOR \$3.4 BILLION IN CASH AND STOCK

Acquisition Advances CIT's Bank Strategy

- *Transaction Is Immediately Accretive to CIT's Earnings Per Share*
- *Improves ROTCE and Accelerates Use of Net Operating Losses (NOL)*
- *CIT's Total Assets Will Increase to \$67 Billion; Total Deposits Will Increase to \$28 Billion¹*
- *Combines CIT's National Lending Platform with OneWest's Regional Branch Banking Network*
- *Ability to Leverage OneWest's Commercial Banking Capabilities to CIT's Customers*

Note: *CIT to Host Investor Conference Call and Webcast on Tuesday, July 22 at 8:00 AM EDT*

NEW YORK, NY – July 22, 2014 – [CIT Group Inc.](#) (NYSE: CIT) ("CIT"), a leading provider of commercial lending and leasing services, today announced that it has entered into a definitive agreement and plan of merger with IMB Holdco LLC, the parent company of OneWest Bank N.A. ("OneWest Bank"), for \$3.4 billion in cash and stock.

OneWest Bank is a privately owned regional bank formed in 2009 that operates 73 retail branches in Southern California, with approximately \$23 billion in assets, including commercial and residential mortgage loans, and \$15 billion in deposits. Following the close of the transaction, CIT Bank, CIT's banking subsidiary, will merge with OneWest Bank under the "CIT Bank" name and CIT will have assets of \$67 billion and \$28 billion in deposits.¹

CIT expects the transaction to be 20% accretive to earnings per share in 2016 generating an internal rate of return (IRR) of 15%.

(1) Pro forma financial data based on unaudited CIT and OneWest data as of June 30, 2014.

CIT Group Inc. will continue to be led by [John A. Thain](#), Chairman and Chief Executive Officer. Following the close of the transaction, Steven T. Mnuchin, Chairman of IMB Holdco LLC, will join CIT Group Inc. as Vice Chairman and will also become a member of its Board of Directors. Alan Frank, an independent director from OneWest Bank will also join the CIT Board, increasing its size from 13 to 15 members.

“This transformational transaction will combine CIT’s national middle market lending platform with OneWest’s wholesale lending and branch banking franchise to create a unique provider of retail and institutional financial services,” said Mr. Thain. “The transaction diversifies and lowers the cost of CIT’s deposits, broadens the products we can offer to our middle market clients, is accretive to earnings and return on equity, and accelerates the utilization of our NOL, while maintaining a strong capital position. We look forward to welcoming OneWest Bank’s talented employees to CIT as we build our franchise and meet the financing needs of our customers.”

Mr. Mnuchin said, “We have spent the last five years building OneWest Bank into a premier regional bank in Southern California. We are confident that this transaction will provide our retail and commercial customers with access to the broad range of high-quality financial products and services offered by CIT, and allow OneWest to benefit from CIT’s expansive client base and global reach. I look forward to joining the CIT Board, and to ensuring a smooth integration of CIT Bank and OneWest for the benefit of both companies’ stakeholders.”

Under the terms of the Agreement, IMB Holdco LLC shareholders will receive \$2.0 billion in cash and 31.3 million shares of CIT Group Inc. common stock currently valued at \$1.4 billion assuming a CIT stock price of \$44.33.

The transaction has been approved by the boards of directors of both companies and is subject to customary closing conditions and regulatory approvals.

J.P. Morgan Securities LLC is serving as financial advisor to CIT, and Wachtell, Lipton, Rosen & Katz is serving as CIT's legal counsel. Goldman, Sachs & Co., Bank of America Merrill Lynch and Cleary, Gottlieb, Steen & Hamilton LLP represent IMB Holdco LLC. Sullivan & Cromwell is serving as joint regulatory counsel for CIT and IMB Holdco LLC.

Investor Conference Call and Supplementary Information

Mr. Thain and Scott T. Parker, Chief Financial Officer of CIT, will host a conference call at 8:00 AM EDT today, Tuesday, July 22, 2014, to discuss the definitive agreement, as well as CIT's second-quarter financial results. The press release and presentation accompanying the conference call remarks will be filed with the SEC and made available on CIT's Investor Relations website at www.cit.com/investor. Dial-in numbers for the conference call are as follows:

U.S. Toll Free	888-317-6003
International	412-317-6061
Canada Toll Free	866-284-3684
Elite Entry Code	3040694
Webcast	www.cit.com/investor

Please dial in or connect to the webcast at least 15 minutes prior to the start of the call in order to register and/or download any necessary software. A replay of the call will be available until 11:59 PM EDT on August 5, 2014.

Conference Replay:

U.S. Toll Free	877-344-7529
International Toll	412-317-0088
Canada Toll Free	855-669-9658
Elite Entry Code	10048563
Webcast	cit.com/investor

About CIT Bank

Founded in 2000, [CIT Bank](http://CIT_Bank) (Member FDIC, Equal Housing Lender) is the U.S. commercial bank subsidiary of CIT Group Inc. (NYSE: CIT). It provides lending and leasing to the small business, middle market and transportation sectors. CIT Bank (BankOnCIT.com) offers a variety of savings options designed to help customers

achieve their financial goals. As of June 30, 2014, it had approximately \$14 billion of deposits and more than \$18 billion of assets. cit.com/CITBank

About CIT

Founded in 1908, CIT (NYSE: CIT) is a financial holding company with approximately \$35 billion in financing and leasing assets. It provides financing, leasing and advisory services to its clients and their customers across more than 30 industries. CIT maintains leadership positions in [middle market lending](#), [factoring](#), [retail](#) and [equipment finance](#), as well as [aerospace](#), [equipment](#) and [rail leasing](#). CIT's U.S. bank subsidiary CIT Bank (Member FDIC), BankOnCIT.com, offers a variety of savings options designed to help customers achieve their financial goals. cit.com

About OneWest Bank

OneWest Bank is a Southern California bank, focused on delivering personalized, relationship-based banking to its customers. The bank has 73 retail branches conveniently located throughout Southern California to serve consumers and businesses, small and large. With total assets of \$23 billion, OneWest has the size and strength to offer a wide array of banking products and services and the stability to protect its depositors. OneWest is an FDIC-insured institution and funds deposited in the bank are insured up to the FDIC's insurance limit of \$250,000 per depositor. owb.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable federal securities laws that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "commence," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements contained in this press release, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially. Important factors that could cause our actual results to be materially different from our expectations include, among others, the risk that (i) CIT does not receive or satisfy regulatory or other approvals and conditions on a timely basis or approvals are subject to conditions that are not anticipated, (ii) modifications to the terms of the transaction may be required in order to obtain or satisfy such approvals or conditions, (iii) there are changes in the anticipated timing for closing the transaction, (iv) there are difficulties and delays in integrating OneWest with CIT or fully realizing projected cost

savings and other projected benefits of the transaction, (v) business disruption during the pendency of or following the transaction, including diversion of management time, reputation risk, and the reaction of customers and counterparties to the transaction, (vi) changes in asset quality and risk as a result of the transaction, (vii) CIT is unsuccessful in implementing its strategy and business plan, (viii) CIT is unable to react to and address key business and regulatory issues, and (ix) changes in general economic conditions, including changes in interest rates and capital markets. We describe these and other risks that could affect our results in Item 1A, "Risk Factors," of our latest Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission. Accordingly, you should not place undue reliance on the forward-looking statements contained in this press release. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

###

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Acquisition of OneWest

Creating a Commercial Bank for the Middle Market

July 22, 2014

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of applicable federal securities laws with respect to the planned acquisition of IMB Holdco LLC and its subsidiaries ("OneWest"), OneWest's future performance, the expected costs to be incurred in connection with the acquisition, integration with CIT Group Inc. ("CIT"), and the impact of the transaction on CIT's future performance.

Forward-looking statements are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "commence," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements contained in this presentation, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially.

In addition, forward-looking statements in this presentation are subject to certain risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired business with CIT after closing, including the possibility that regulatory and other approvals and conditions to the transaction are not received or satisfied on a timely basis or at all or are obtained subject to conditions that are not anticipated; the possibility that modifications to the terms of the transaction may be required in order to obtain or satisfy such approvals or conditions or that such approvals are obtained subject to conditions that are not anticipated; changes in the anticipated timing for closing the transaction; difficulty and delays in integrating OneWest with CIT or fully realizing projected cost savings and other projected benefits of the transaction; business disruption during the pendency of or following the transaction; the inability to sustain revenue and earnings growth; changes in general economic conditions, including changes in interest rates and capital markets; changes in law or regulations, diversion of management time on transaction-related issues; reputational risks and the reaction of customers and counterparties to the transaction; and changes in asset quality and risk as a result of the transaction.

Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

We describe other risks that are applicable to our businesses generally that could affect our results in Item 1A, "Risk Factors," of our latest Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission. Accordingly, you should not place undue reliance on the forward-looking statements contained in this presentation. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

For additional information, please see CIT's Form 8-K filed with the SEC on July 22, 2014.

Totals may not foot due to rounding.

Acquisition of OneWest: Delivering On Our Strategic Agenda

Creates a Commercial Bank With \$67 Billion in Assets

Advances Our Bank Strategy

- CIT Bank more than doubles in size to \$41 billion in assets and \$28 billion in deposits
- 73 branches in Los Angeles and Southern CA, one of the country's most attractive banking markets
- Adds \$15 billion of deposits, including over \$2 billion of commercial deposits
- Reduces CIT's cost of deposits from 1.6% to ~1.2% and overall cost of funds from 3.3% to ~2.4%

Complements Our Commercial Finance Franchise

- OneWest's west coast-focused middle market and specialty lending businesses are attractive strategic additions to CIT's North American Commercial Finance segment
- OneWest's deposit and payment solutions will enable CIT to serve its existing clients' cash management needs



Accelerates Realization of Embedded Value

- CIT deploys more than \$1 billion of excess capital, inclusive of \$500 million of additional share repurchase, resulting in a Tier 1 Common ratio between 12.5% and 13.0% at close
- OneWest's operating profitability accelerates the rate at which CIT can utilize its NOL, benefiting cash taxes and regulatory capital, and increasing the present value of the NOL by \$300–400 million

Financially Compelling

- ~20% accretive to earnings per share in 2016
- ~12–13% pre-tax return on tangible common equity
- ~8% tangible book value per share dilution with approximately four-year earnback
- ~15% IRR

Transaction Summary

			Pro Forma
Assets (\$ billions)¹	\$44	\$23	\$67³
Deposits (\$ billions)¹	\$14	\$15	\$28³
Net Income (\$ millions)²	\$643	\$243	~\$870⁴
Branches	0	73	73
Consideration	<ul style="list-style-type: none"> • CIT will acquire 100% of OneWest for \$2.0 billion in cash and 31.3 million CIT shares • 59% cash / 41% stock • \$3.4 billion transaction value⁵ 		
Capital Distribution	<ul style="list-style-type: none"> • CIT's Board has authorized an additional \$500 million share repurchase to be executed through 6/30/15 • Going forward, CIT is targeting a dividend and total payout ratio in line with bank peers 		
Ownership	<ul style="list-style-type: none"> • 85% CIT, 15% OneWest 		
Additions to Senior Management	<ul style="list-style-type: none"> • Steven Mnuchin will join CIT as Vice Chairman • Joseph Otting will become President & CEO of CIT Bank, and with Nelson Chai, Co-President of CIT 		
Board of Directors	<ul style="list-style-type: none"> • Steven Mnuchin and OneWest Independent Director Alan Frank will join CIT's board, increasing its size from 13 to 15 members 		
CIT Bank	<ul style="list-style-type: none"> • CIT Bank will merge into OneWest Bank, which will remain an OCC-regulated national bank headquartered in California, and be renamed CIT Bank 		
Timing	<ul style="list-style-type: none"> • First half of 2015, subject to regulatory approvals 		

¹ Unaudited GAAP financial data of CIT and OneWest as of June 30, 2014, unless otherwise noted

² "Net Income" represents mean of published 2016 analyst pre-tax income estimates adjusted to reflect a 30% GAAP effective tax rate (for CIT) and Net Income before Extraordinary Items & Adjustments in 2013 Call Report (for OneWest); see Appendix page 22 for calculation

³ Pro forma represents the sum of the CIT and OneWest data is not reflective of any purchase accounting marks or merger adjustments; numbers may not tie due to rounding

⁴ Combined Net Income reflects impact of planned share repurchase, cost synergies, cash consideration funding and other adjustments; see Appendix for additional detail

⁵ Based on CIT stock price of \$44.33



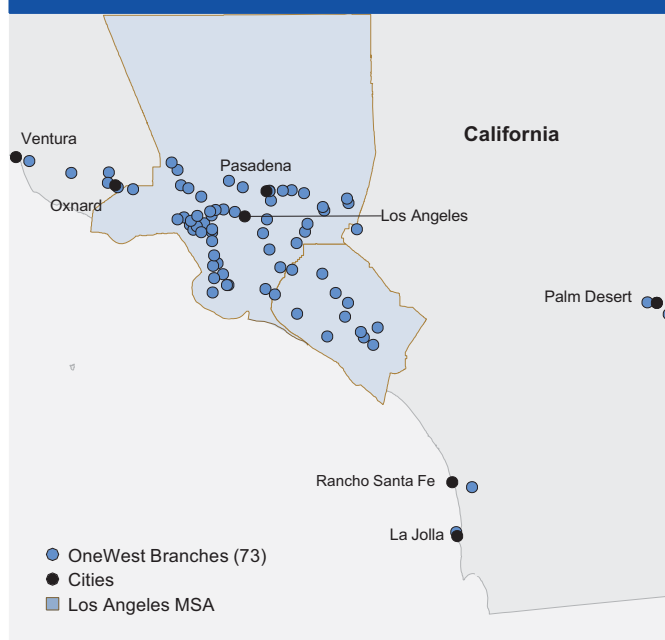
**Combination
With OneWest**

OneWest is a Leading Los Angeles Based Bank

Franchise Highlights

Founded	2009
Branches	73 (63 in Los Angeles MSA, all in CA)
Employees¹	2,160
2013 Earnings²	\$243 million
Assets	\$23 billion
Loans	
Total	\$14 billion
Legacy	\$8 billion (87% FDIC-covered)
Commercial	\$5 billion
Other	\$1 billion
Cash	\$5 billion
Investment Securities	\$1 billion
Deposits	\$15 billion (0.77% cost)
Other Funding	\$4 billion in FHLB advances
Capital	\$2.8 billion of tangible common equity 12.5% TCE/TA ³

73 Branches in Southern California



Source: Unaudited GAAP financial data of OneWest as of June 30, 2014, unless otherwise noted

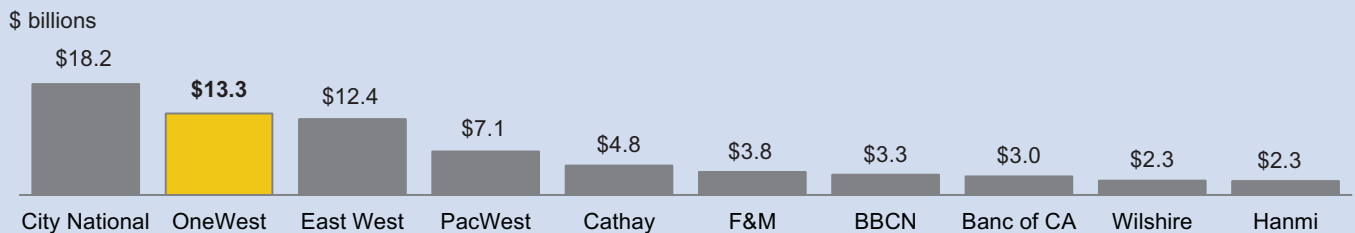
¹ Full time equivalent employee count

² Net Income before Extraordinary Items & Adjustments in 2013 Call Report

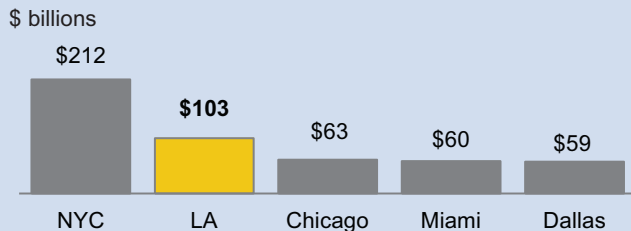
³ Tangible Common Equity / Tangible Assets

Los Angeles is One of the Country's Most Attractive Banking Markets

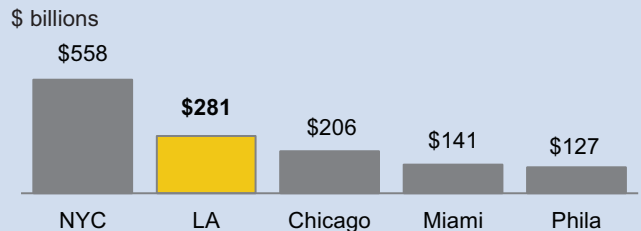
Los Angeles Deposit Market Share of LA-Based Banks¹



Top MSAs by Gross Deposit Growth, '03–13



Top MSAs by Deposits



Los Angeles MSA has the second highest number of middle-market firms in the U.S., after NYC

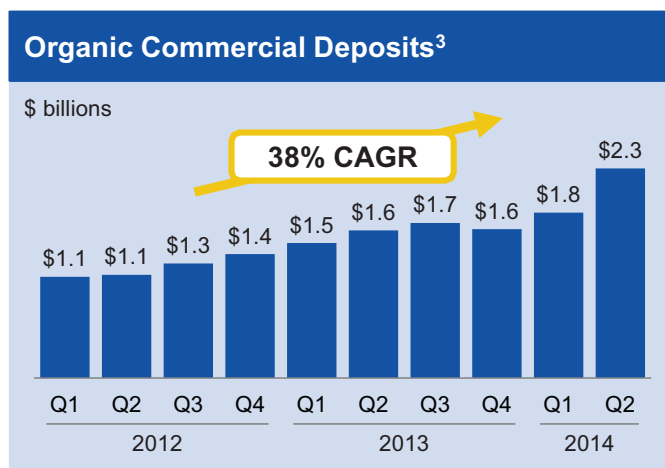
Source: SNL Financial

Note: Summary of Deposits data as of June 30, 2013

¹ Deposits in Los Angeles MSA of banks headquartered in Los Angeles MSA

OneWest's Commercial Banking Platform Has Experienced Strong Growth

- OneWest has grown into a leading “hometown bank” in the attractive Los Angeles market through disciplined, opportunistic acquisitions and consistent organic growth
- Attracted senior executives and origination professionals from some of the country's leading banks, who have worked together to grow the commercial lending and real estate franchise
- Invested significantly in a full suite of branch banking and commercial products and services including wholesale lending businesses, numerous deposit products, and cash management services
- OneWest's Organic non-CD Commercial Deposits² had an average cost of 0.27% in H1 2014

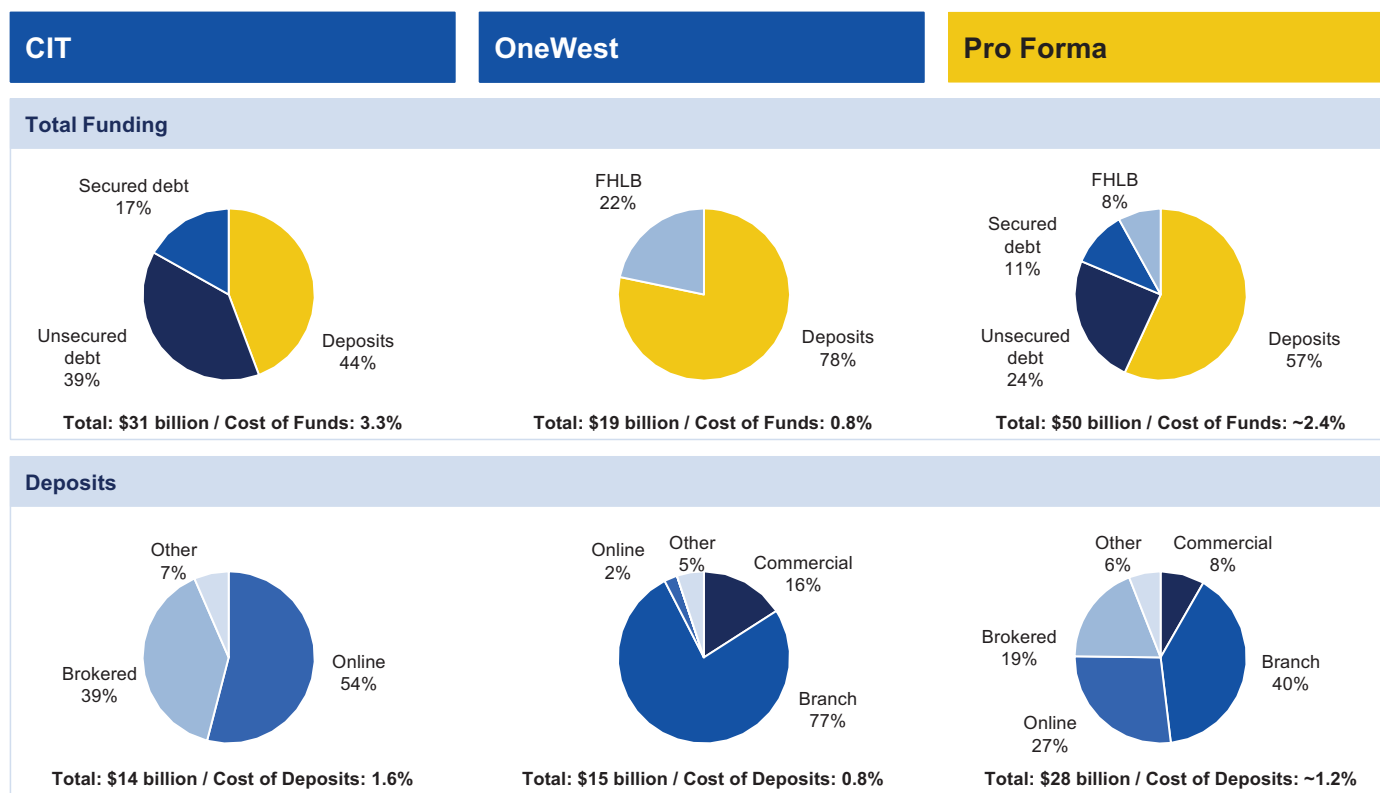


¹ Includes Commercial & Industrial and Commercial Real Estate loans originated by OneWest

² Reflects YTD average cost of non-CD Commercial Checking and Business Money Market accounts

³ Includes commercial checking accounts, money market accounts and CDs

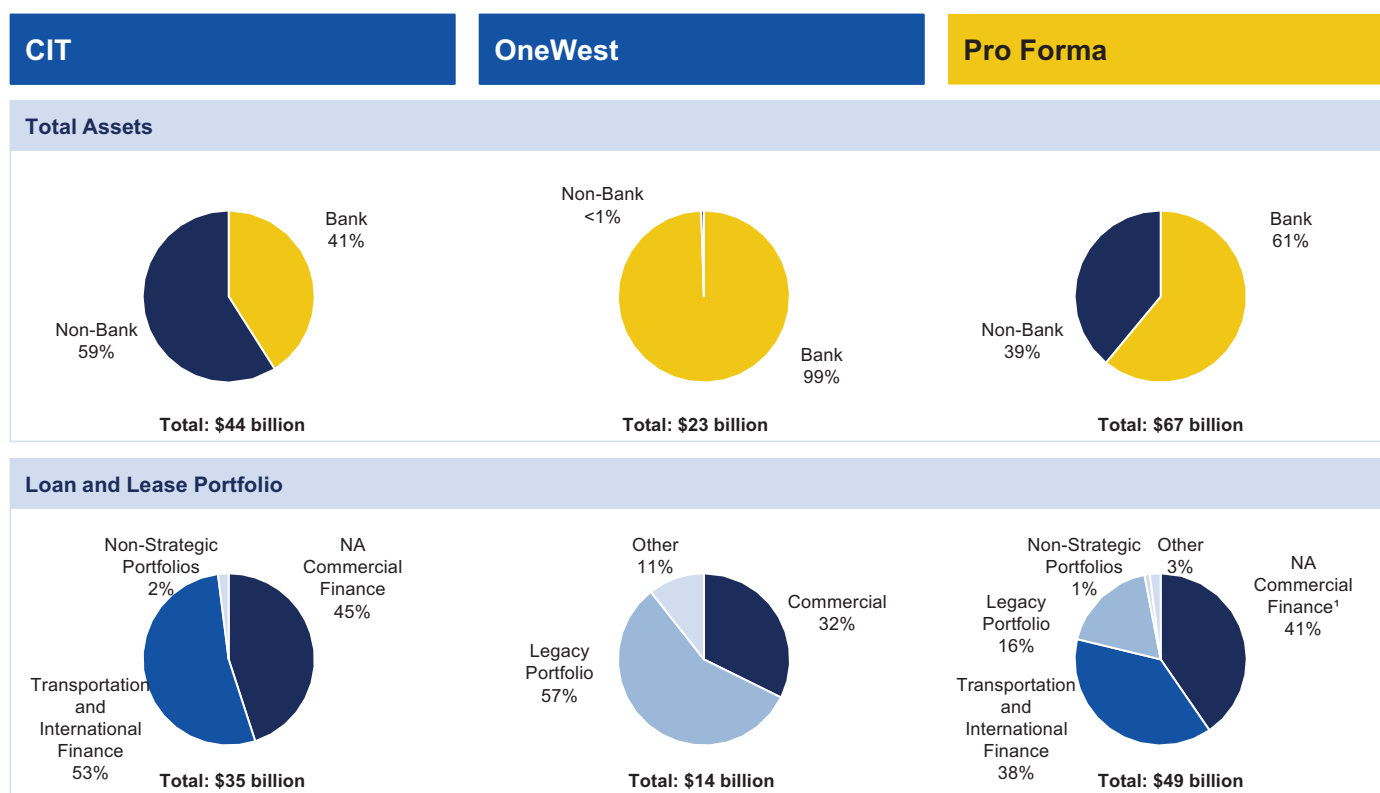
CIT Will Be Majority Deposit Funded



Source: Unaudited GAAP financial data of CIT and OneWest as of June 30, 2014

Note: Pro Forma column represents the sum of the CIT and OneWest data and is not reflective of any purchase accounting marks or merger adjustments

More Than Half of CIT's Total Assets Will Be in CIT Bank

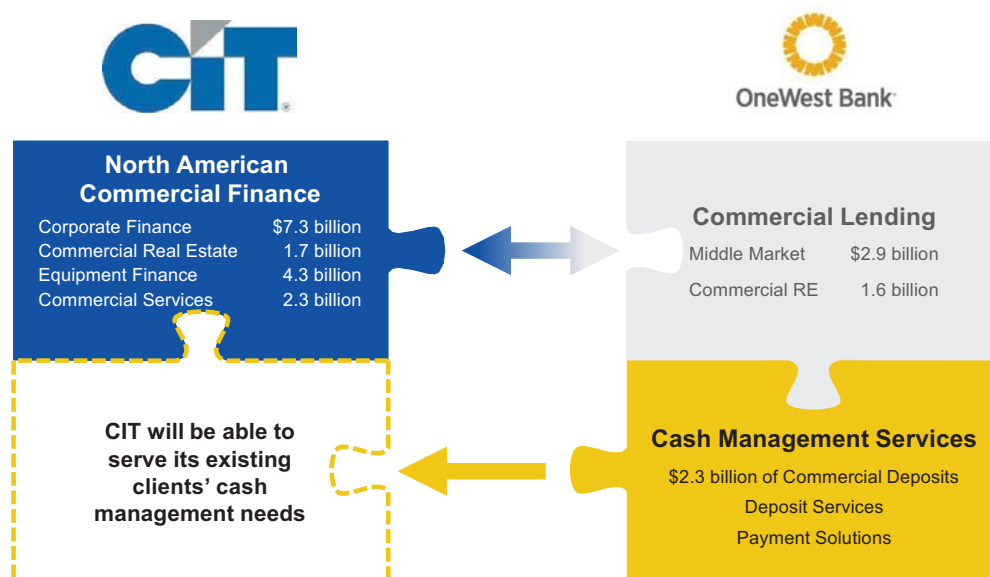


Source: Unaudited GAAP financial data of CIT and OneWest as of June 30, 2014

Note: Pro Forma column represents the sum of the CIT and OneWest data and is not reflective of any purchase accounting marks or merger adjustments

¹ OneWest Commercial portfolio is consolidated into NA Commercial Finance

Complementary Commercial Franchises



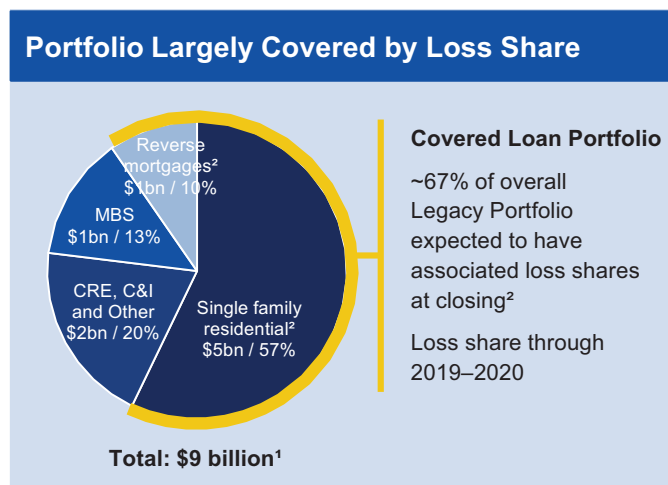
Combined Industry Expertise

Aerospace & Defense • Apparel & Footwear • Business Services • **Communications & Technology** • Consumer Products
Energy • **Entertainment** • Furniture & Home Furnishings • Gaming • Healthcare • Industrials • Office Imaging
Power • **Private Equity** • Refactoring • Restaurants • Retail • Sports & Media • Textiles • Transportation & Logistics

Note: Items in **bold** indicates industries in which OneWest has dedicated Specialty Lending teams; OneWest Commercial Lending portfolio includes only loans originated by OneWest

OneWest's Legacy Portfolio is a Low-Risk Earnings Source

- \$9 billion portfolio yielding ~5%
- Acquired through four transactions in 2009 and 2010, three of which were FDIC-assisted
- Substantially all loans were originally covered by loss share agreements
- Retention of FDIC loss shares agreements is a condition of closing



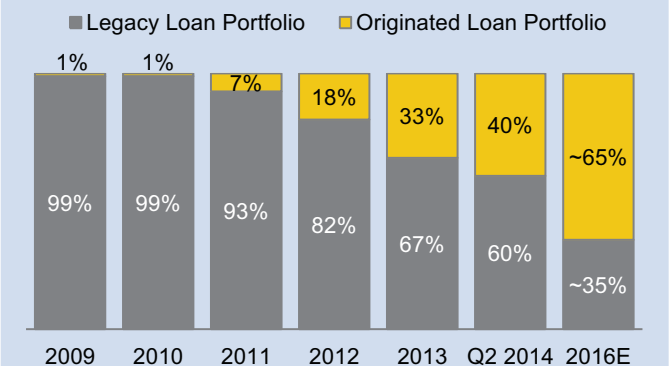
Source: Unaudited GAAP financial data of OneWest

Note: Financial data as of June 30, 2014

¹ Excludes \$1 billion indemnification asset

² Loss share agreements expire in 2019–2020

Ongoing Loan Portfolio Transformation



Proven Management Team With Deep Experience

John Thain

Chairman and Chief
Executive Officer



Steven Mnuchin

Vice Chairman of CIT
Member of CIT's Board
Chairman of CIT Bank



Nelson Chai

Co-President of CIT
President of NA
Commercial Finance



Joseph Otting

Co-President of CIT
CEO and President of
CIT Bank



Jeff Knittel

President of
Transportation and
International Finance



Andrew Brandman

Chief
Administrative
Officer



Robert Ingato

General
Counsel



Scott Parker

Chief
Financial
Officer



Lisa Polsky

Chief Risk
Officer



Margaret Tutwiler

Communications and
Government Relations



Integration Framework



Limited Integration Risk

- CIT will maintain OneWest's existing branches and infrastructure
- Complementary commercial lending franchises
- Extensive integration experience
- Modest cost reduction targets



Low Risk Balance Sheet

- ~60% of OneWest's balance sheet is cash, securities, FDIC indemnification assets or covered loans
- CIT and OneWest originate commercial assets in similar industries and with consistent credit profiles



SIFI Readiness

- CIT was preparing to surpass \$50 billion of assets on an organic basis
- CIT has already invested in its BSA/AML, stress testing, capital planning, risk management and liquidity infrastructure
- Additional investments relate primarily to data, liquidity and operational risk reporting requirements to regulators



**Financially
Attractive
Combination**

Attractive Opportunity

Transaction Multiples

	CIT's Acquisition of OneWest		Recent Transactions ²	California Banks ³
	Stated	Adjusted for NOL Benefit and 9.0% TCE/TA ¹		
Price / Tangible Book Value	1.2x	1.1x	1.7x	2.3x
Price / Earnings ⁴	14x	9x	19x	17x
Core Deposit Premium	6.2%	2.6%	18.1%	16.5%

Note: See Appendix for additional detail

¹ Adjusts consideration for midpoint of increase in present value of CIT's NOL and for OneWest's capital above 9.0% TCE/TA; adjusts tangible book value for capital above 9.0% TCE/TA

² Bank sector mergers and acquisitions greater than \$1 billion deal value since January 1, 2012 (Umpqua/Sterling, PacWest/CapitalSource, M&T/Hudson City and UnionBanCal/Pacific Capital)

³ California banks consist of CVB, City National, First Republic, Silicon Valley Bank, PacWest and Westamerica

⁴ Multiple of 2013 Net Income before Extraordinary Items & Adjustments in 2013 Call Report (for OneWest), NTM earnings (for recent transactions and California banks)

Key Transaction Assumptions

Synergies

Cost	<ul style="list-style-type: none"> • \$20 million pre-tax per annum • Fully phased-in by 2016
Funding	<ul style="list-style-type: none"> • \$20 million pre-tax per annum • Fully phased-in by 2016 • Reflects improved balance sheet liquidity and credit profile
Revenue	<ul style="list-style-type: none"> • None included in merger economics • Opportunities to provide commercial banking services to CIT's core commercial clients (cash management, commercial deposits, etc.)
Restructuring Charge	<ul style="list-style-type: none"> • \$75 million pre-tax
Cash Consideration Funding	<ul style="list-style-type: none"> • \$1.5–2.0 billion of senior unsecured notes at ~4.5% pre-tax coupon
Capital Distribution	<ul style="list-style-type: none"> • CIT's Board has authorized an additional \$500 million share repurchase to be executed prior to closing • Going forward, CIT is targeting a dividend and total payout ratio in line with bank peers
Tax	<ul style="list-style-type: none"> • Transaction may favorably impact the amount and timing of reversals of the Valuation Allowances against CIT's Net Deferred Tax Asset • Estimated blended GAAP effective tax rate will be ~30% in 2016
Fair Value Marks	<ul style="list-style-type: none"> • Fair value marks in aggregate are not expected to have a material impact on capital at close or net income <ul style="list-style-type: none"> – OneWest carries a substantial portion of its Legacy Portfolio at fair value – Estimated gross credit mark of (\$160) million, predominantly conforming reserve methodology – Estimated rate and spread marks of (\$60) million on securities, deposits and borrowings
Core Deposit Intangible	<ul style="list-style-type: none"> • 1% of OneWest's non-time deposits

Note: Based on expectations and assumptions as of announcement date; subject to change at transaction closing

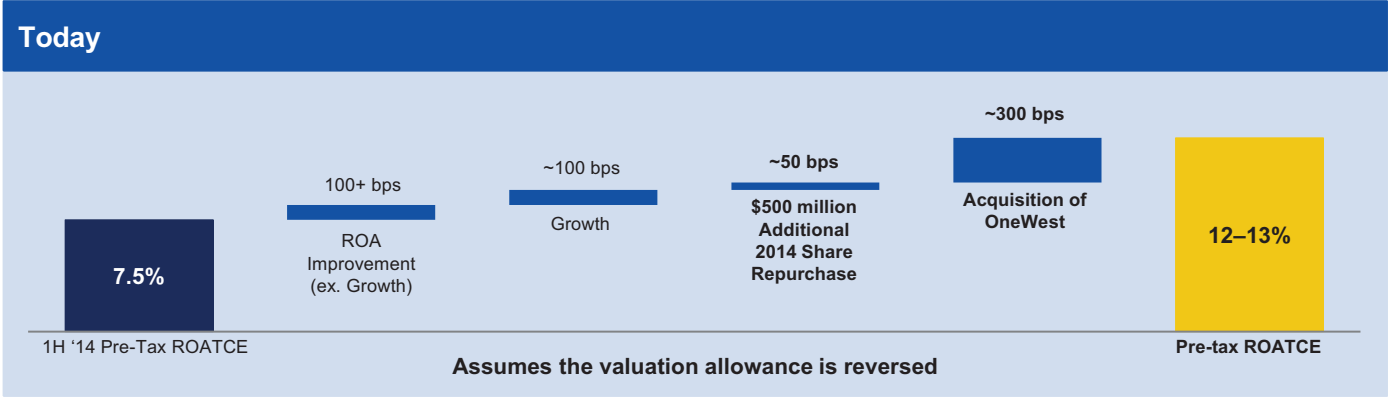
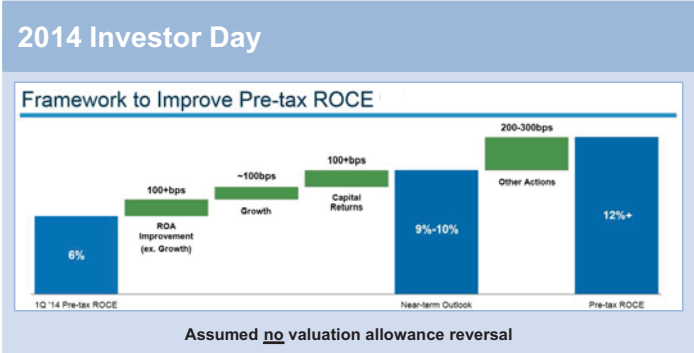
Highly Accretive Transaction

2016E (synergies 100% phased in)	
Standalone EPS ¹	\$3.73
Pro forma EPS	4.49
\$ / share accretion	\$0.76
% accretion	~20%
IRR	~15%

Note: See Appendix for additional detail

¹ Represents mean of published 2016 analyst pre-tax income estimates adjusted to reflect a blended 30% GAAP effective tax rate

Achieving Our Return on Equity Objective





Delivering On Our Strategic Agenda

Acquisition of OneWest: Delivering On Our Strategic Agenda

Advances Our Bank Strategy

Complements Our Commercial Finance Franchise

Accelerates Realization of Embedded Value

Financially Compelling



Appendix

Earnings Per Share Accretion/(Dilution)

Detailed Build

	\$ Millions	Millions of Shares	\$ per Share
CIT Standalone			
Mean of 2016E Analyst Pre-Tax Income Estimates	\$919		
Expected Tax Rate	30%		
CIT 2016E After-Tax Earnings	\$643	172 ¹	\$3.73
Pro Forma			
CIT 2016E After-Tax Earnings	\$643	172	\$3.73
\$500 Million Incremental Share Repurchase Prior to Close ²	(2)	(10)	
OneWest Net Income Contribution ³	243	31	
Combined Net Income	\$885	194	
After-Tax Adjustments			
Synergies ⁴	\$24		
Cost of Cash Consideration Funding ⁵	(54)		
Other Adjustments ⁶	15		
Pro Forma CIT Net Income	\$870	194	\$4.49
\$ Accretion to CIT			\$0.76
% Accretion to CIT			20%

¹ Implied CIT 2016E standalone CIT share count based on tax-effected mean of 2016E Analyst Pre-Tax Income Estimates and associated EPS estimates

² Assumes 10 million shares are repurchased at \$50.00 per share; cash funding assumed to cost 0.50% pre-tax; 40% marginal tax rate

³ Net Income before Extraordinary Items & Adjustments in 2013 Call Report

⁴ \$40 million pre-tax Cost and Funding synergies; 40% marginal tax rate

⁵ Funded at high end of \$1.5–2.0 billion senior debt issuance range at 4.50% pre-tax coupon; 40% marginal tax rate

⁶ Includes amortization of Core Deposit Intangible and accretion of credit, rate and spread marks; 40% marginal tax rate

Tangible Book Value Per Share Accretion/(Dilution) Detail

Detailed Build			
	\$ Millions	Millions of Shares	\$ per Share
CIT Standalone			
CIT Tangible Book Value as of June 30, 2014	\$8,198	186	\$44.16
Three Quarters of IBES Mean Net Income Prior to Close	477		
Three Quarters of \$0.15 Per Share Common Dividend	(84)		
Previously Planned Share Repurchase Prior to Close ¹	(55)	(1)	
Standalone CIT Tangible Book Value at Close	\$8,536	185	\$46.26
Pro Forma			
CIT Standalone Tangible Book Value at Close	\$8,536	185	\$46.26
Equity Consideration to OneWest ²	1,388	31	
\$500 Million Incremental Share Repurchase Prior to Close ³	(500)	(10)	
Goodwill and Intangibles Created ⁴	(625)		
After-Tax Restructuring Charge ⁵	(45)		
Pro Forma CIT Tangible Book Value Share	\$8,754	206	\$42.53
\$ Dilution to CIT			(\$3.73)
% Dilution to CIT			(8.1%)
Tangible Book Value Per Share Earnback			~4 years

¹ \$55 million remaining as of June 30, 2014, under outstanding \$600 million share repurchase authorization; assumed to be repurchased at \$50.00 per share

² Based on fixed number of shares at \$44.33; final amount is subject to CIT's stock price at transaction closing

³ Assumes 10 million shares are repurchased at \$50.00 per share

⁴ Based on expectations and assumptions as of announcement date; subject to change at transaction closing

⁵ \$75 million pre-tax; 40% marginal tax rate

Transaction Multiples Detail

Detailed Build				
	Stated		Adjusted for NOL Benefit and 9.0% TCE/TA	
	Metric	Multiple	Metric	Multiple
Deal Value		\$3,411		\$2,277¹
Price / Tangible Book Value	\$2,805	1.2x	\$2,021 ²	1.1x
Price / Earnings	243	14x	241 ³	9x
Core Deposit Premium	9,853 ⁴	6.2%	9,853 ⁴	2.6%
Memo:				
NOL Benefit (Present Value of Accelerating NOL Utilization)				\$350
OneWest Capital Above 9.0% TCE/TA				783

¹ Deal Value of \$3,411 million less midpoint of \$300–400 million NOL Benefit and \$783 million of capital in excess of 9.0% TCE/TA

² Core tangible book value assumes 9.0% TCE/TA target on Q2 2014 tangible assets of \$22,456 million

³ Adjusted to reflect assumed 0.50% pre-tax yield on \$783 million of Excess Cash; 40% marginal tax rate

⁴ Q2 2014 non-jumbo time deposits

OneWest Historical Income Statement

\$ Millions	
	Year ended 12/31/13 Call report
Interest income	
Loans	\$834
Mortgage-backed and other securities	77
Other	(38)
Total interest income	\$873
Interest expense	
Deposits	\$121
Other borrowings	80
Total interest expense	\$201
Net interest income	\$672
Provision for loan losses	(11)
Net interest income after provision for loan losses	\$660
Total noninterest income	\$59
Noninterest expense	
Salary and benefits	\$200
Premises and equipment	44
Other expenses	130
Total noninterest expense	\$373
Net income before income taxes	\$346
Income tax expense	103
Net Income before Extraordinary Items & Adjustments	\$243

OneWest Historical Balance Sheet

\$ Millions		
	Year ended 12/31/13 Call Report	Six months ended 6/30/14 Preliminary
Cash and cash equivalents	\$6,308	\$4,586
Securities	1,271	1,222
Total cash and securities	\$7,579	\$5,808
Loans and leases held for sale	\$23	\$26
Loans and leases held for investment	\$12,934	\$14,113
Allowance for loan losses	(91)	(84)
Net loans and leases	\$12,843	\$14,029
Goodwill and other intangible assets	\$114	\$110
Other assets	2,937	2,594
Total assets	\$23,496	\$22,567
Deposits	\$14,099	\$14,522
Federal Home Loan Bank advances	4,606	4,032
Other liabilities	1,318	1,098
Total liabilities	\$20,023	\$19,652
Total shareholders' equity	\$3,473	\$2,914
Total liabilities and shareholders' equity	\$23,496	\$22,567
Memo: TCE/TA	14.4%	12.5%



From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:05 AM
To: Mendes, Tunde
Subject: FW: Confidential Announcements
Attachments: 07 22 2014 clean CIT TO REPURCHASE UP TO \$500 MILLION OF COMMON STOCK d....docx; 07 21 2014 CIT ANNOUNCES AGREEMENT TO ACQUIRE DRIVER draft V12.doc; CIT Q2 2014 Earnings Release Final.docx

FYI

From: Robert.Ingato@cit.com [<mailto:Robert.Ingato@cit.com>]
Sent: Monday, July 21, 2014 6:09 PM
To: Ricketti, John; Cheatham, James
Cc: john.thain@cit.com; nelson.chai@cit.com
Subject: Confidential Announcements

Duplicate Email Captured in the Email Chain on July 21, 2014 at 6:12pm (above).

The three attachments (totaling 16 pages) are duplicate copies of the attachments to the July 21, 2014 Email at 6:12pm (above)

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From: Fergus, Troy E
Sent: Tuesday, July 22, 2014 9:06 AM
To: Sarvey, Bill J (Board)
Cc: Arndell, Deborah
Subject: FW: Confidential Announcements
Attachments: 07 22 2014 clean CIT TO REPURCHASE UP TO \$500 MILLION OF COMMON STOCK d....docx; 07 21 2014 CIT ANNOUNCES AGREEMENT TO ACQUIRE DRIVER draft V12.doc; CIT Q2 2014 Earnings Release Final.docx

Bill,

I just received the following merger related documents from Jim Cheatham.

Thanks
Troy

From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:04 AM
To: Fergus, Troy E
Subject: FW: Confidential Announcements

FYI, I am currently on the analyst call at home will leave for work when it is over. The attached provides info on the merger.

From: Robert.Ingato@cit.com [<mailto:Robert.Ingato@cit.com>]
Sent: Monday, July 21, 2014 6:09 PM
To: Ricketti, John; Cheatham, James
Cc: john.thain@cit.com; nelson.chai@cit.com
Subject: Confidential Announcements

Duplicate Email Captured in the Email Chain on July 21, 2014 at 6:12pm (above).

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From: Nobles, Topaz J
Sent: Tuesday, July 22, 2014 9:29 AM
To: Cheatham, James
Subject: FW: Board of Directors Committee - July 15, 2014 - Part
Attachments: 2014-07-15 BoD.zip

-----Original Message-----

From: Nobles, Topaz J
Sent: Thursday, July 17, 2014 2:04 PM
To: Cheatham, James
Subject: FW: Board of Directors Committee - July 15, 2014 - Part

(b)(5)

I know you mentioned leaving your acquisition book in the office, but after page 54 the firm goes into the details of the acquisition in case you wanted to have a look.

-----Original Message-----

From: karen.foulin@cit.com [<mailto:karen.foulin@cit.com>]
Sent: Monday, July 14, 2014 9:09 AM
To: Cheatham, James
Cc: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Guo, Cindy; Mendes, Tunde; Kindler, Zev;
jacqueline.mccaulley@cit.com
Subject: Board of Directors Committee - July 15, 2014 - Part

Jim-

Attached is July 15, 2014 Board of Directors package.

Regards,

Karen

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www.zixcorp.com

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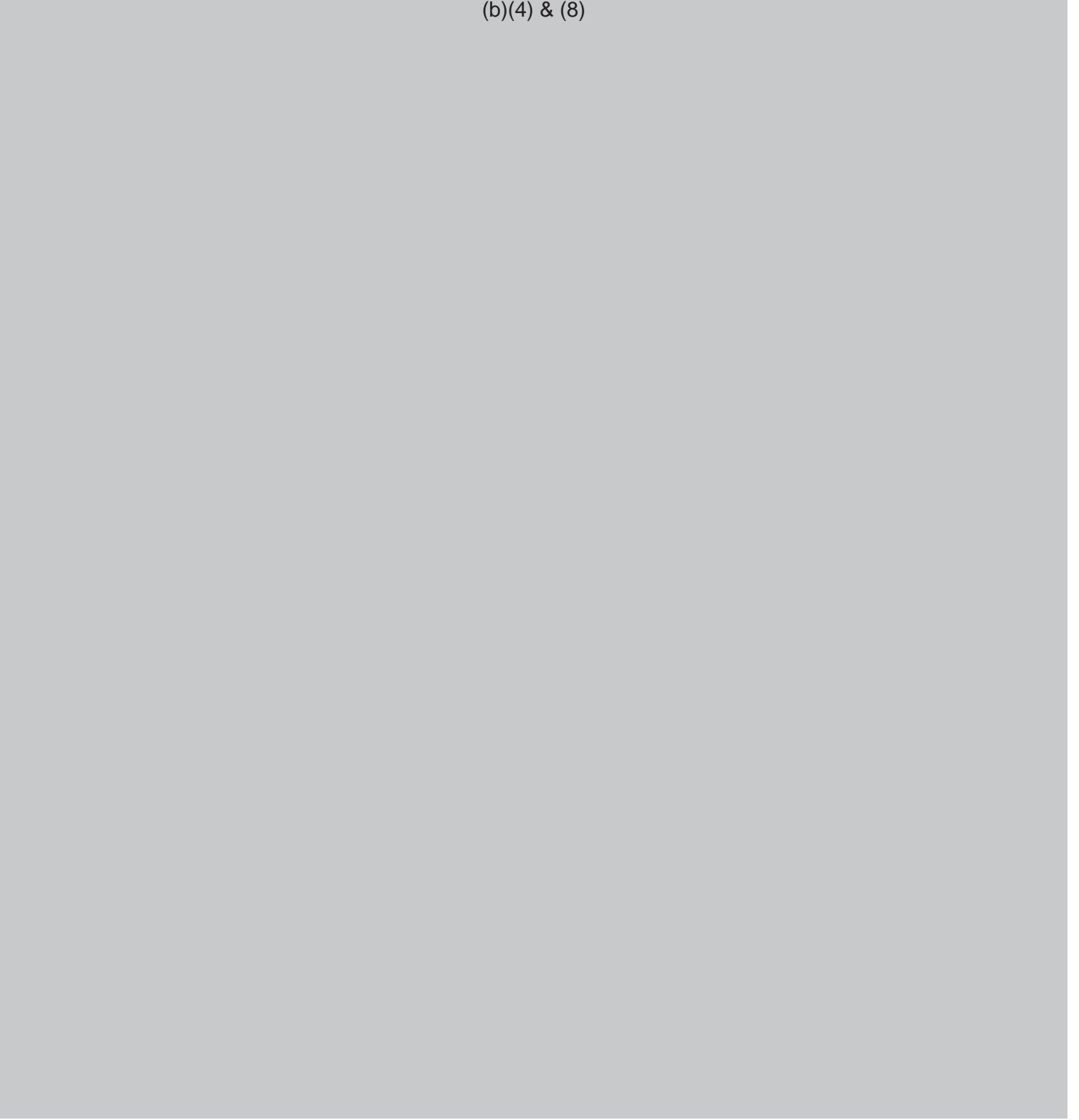
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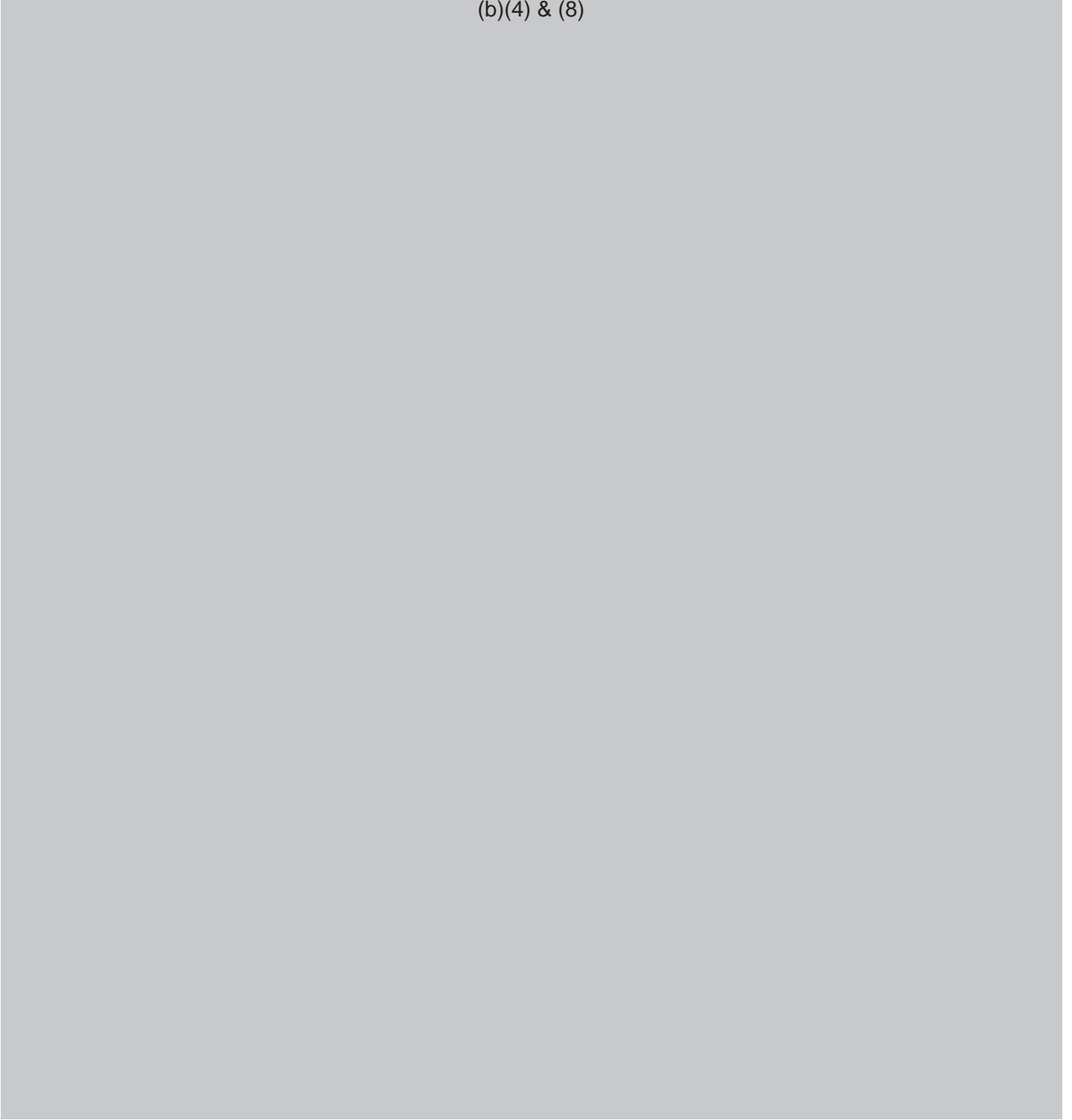
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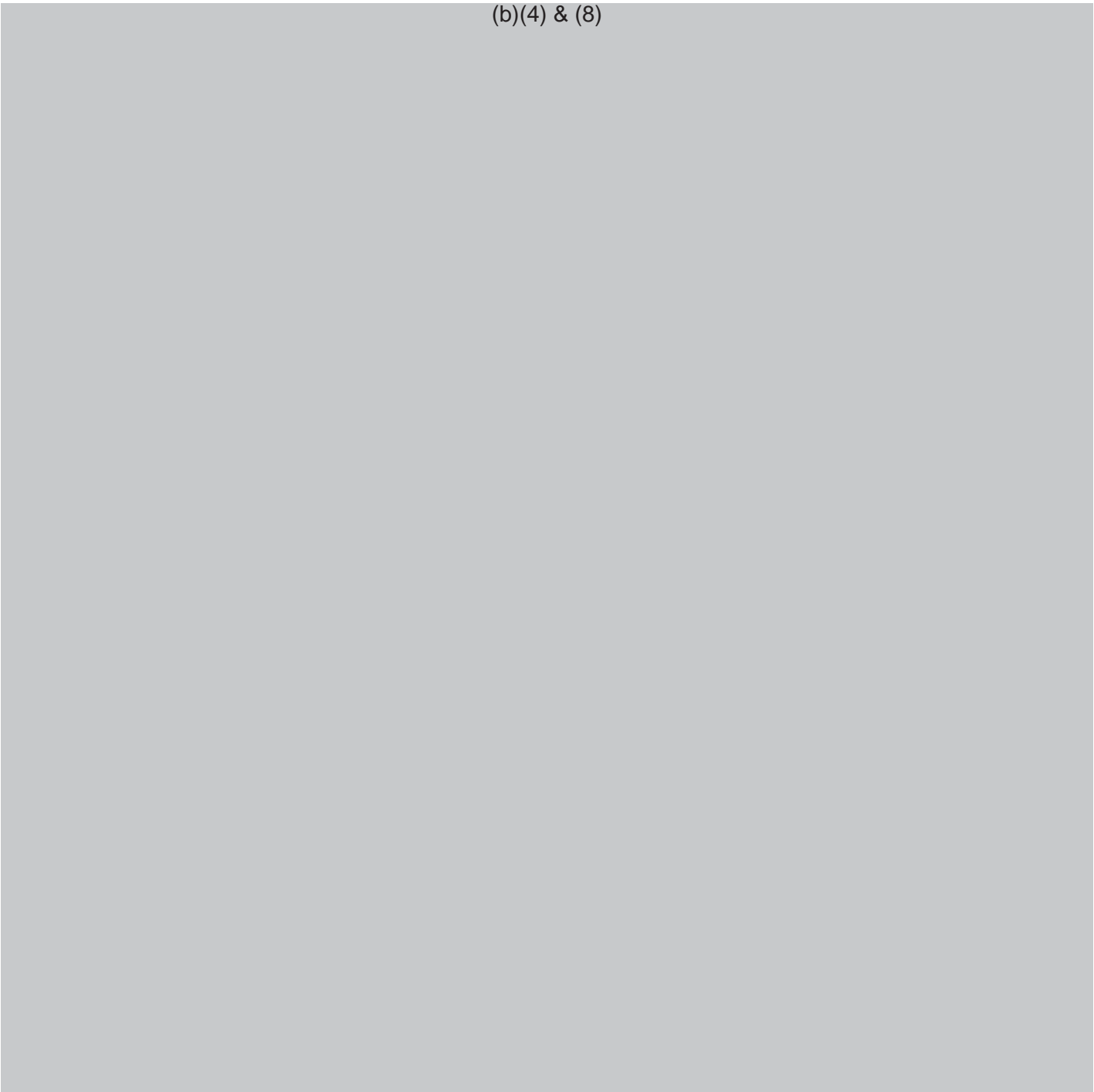
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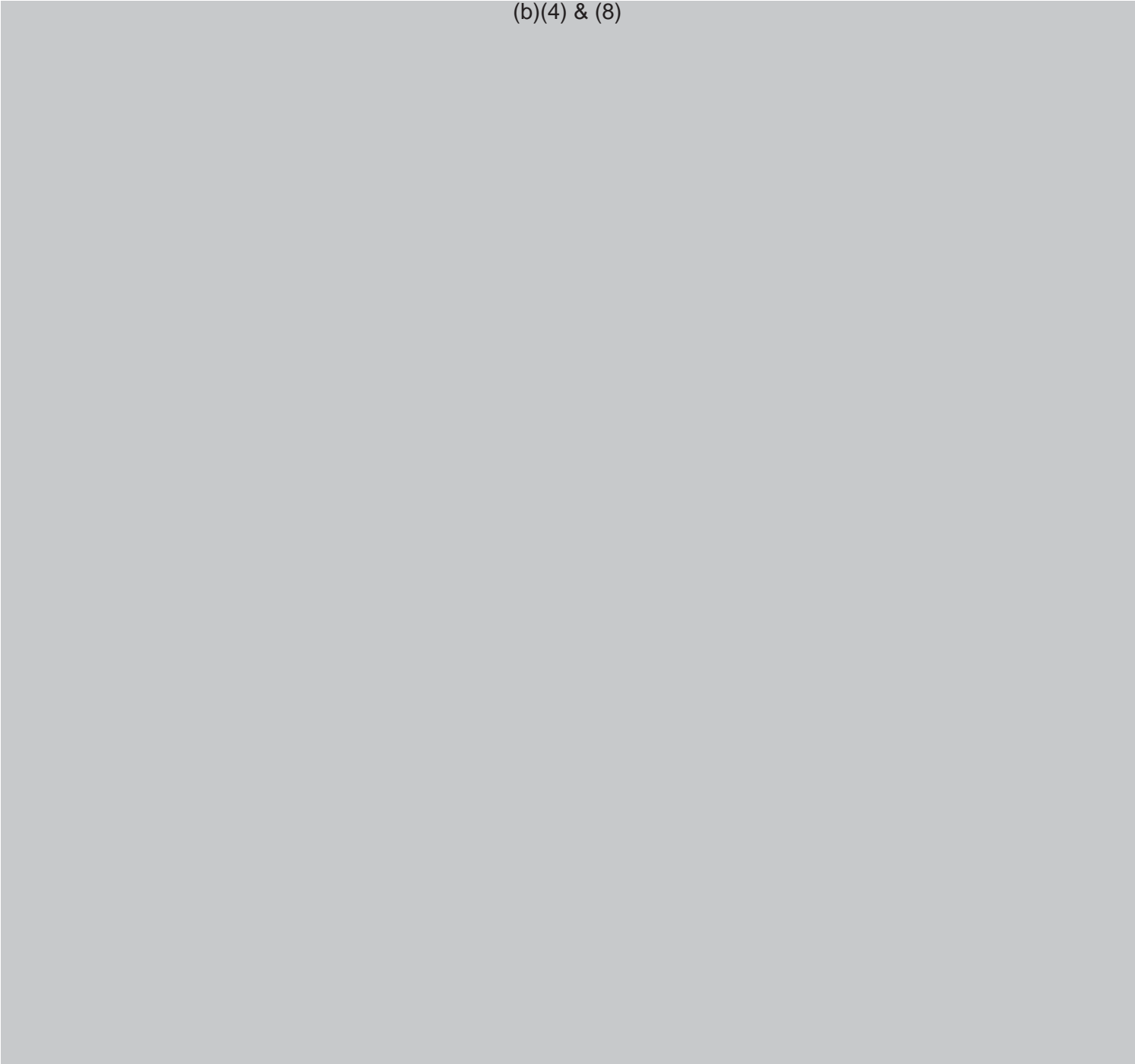
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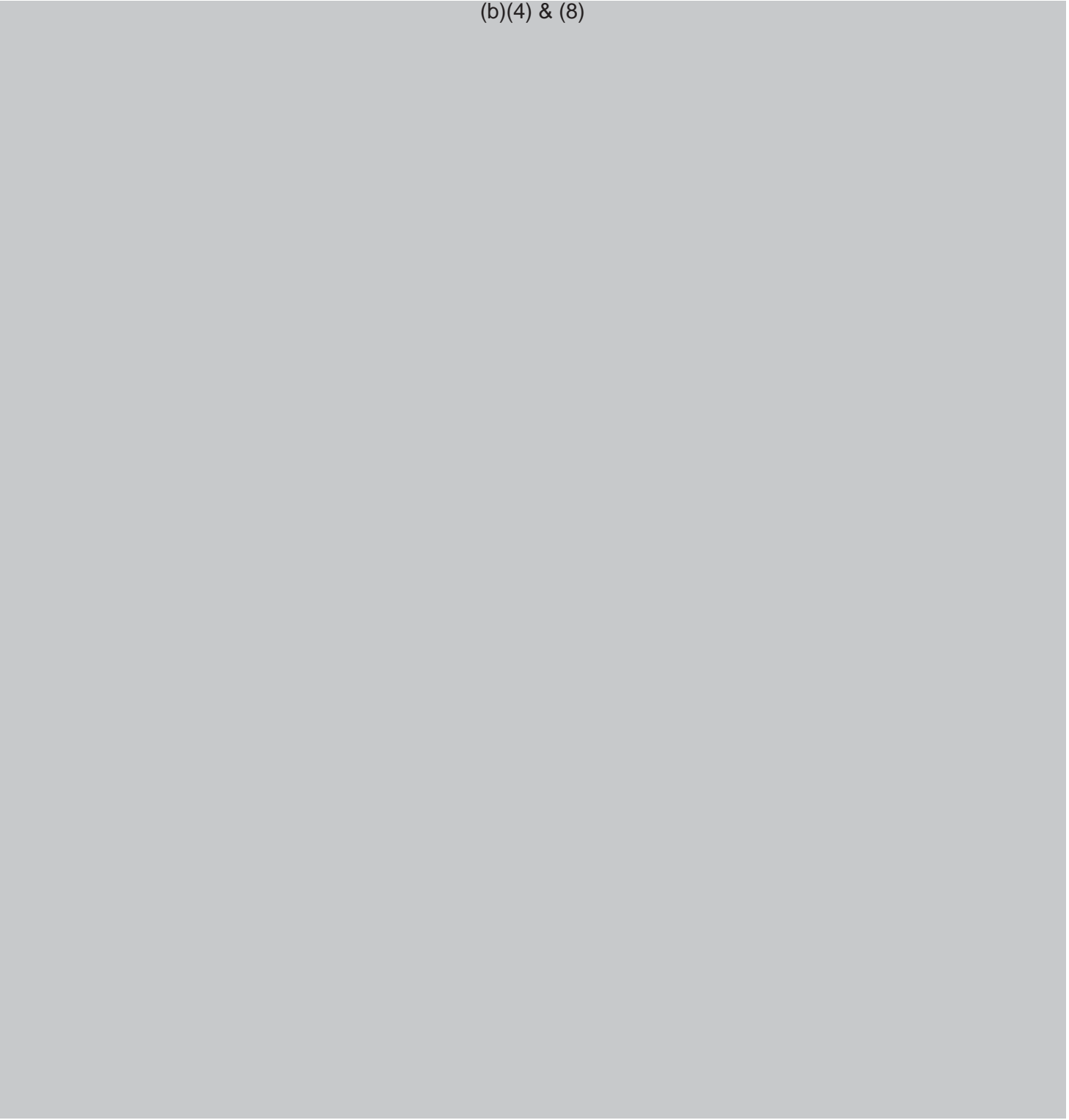
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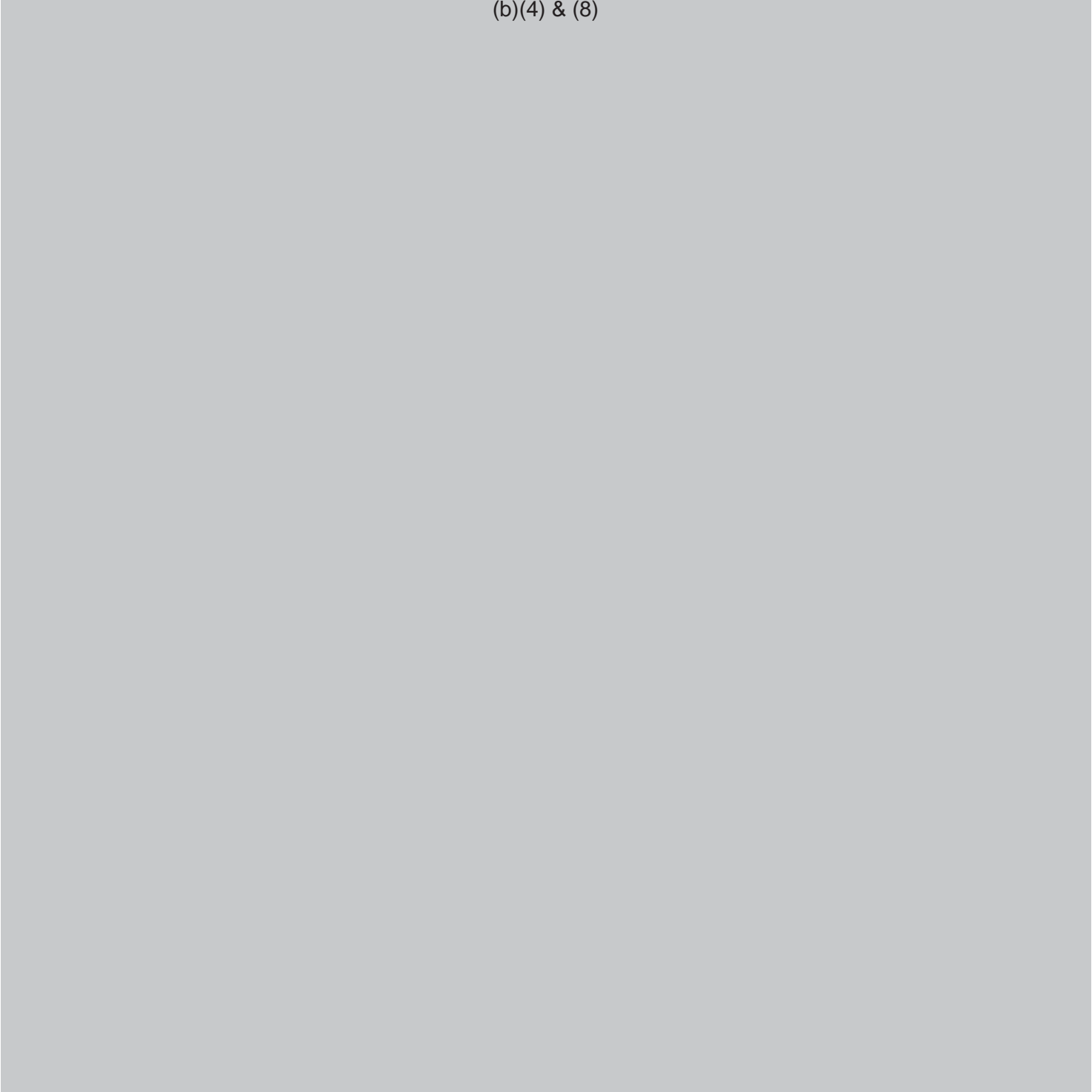
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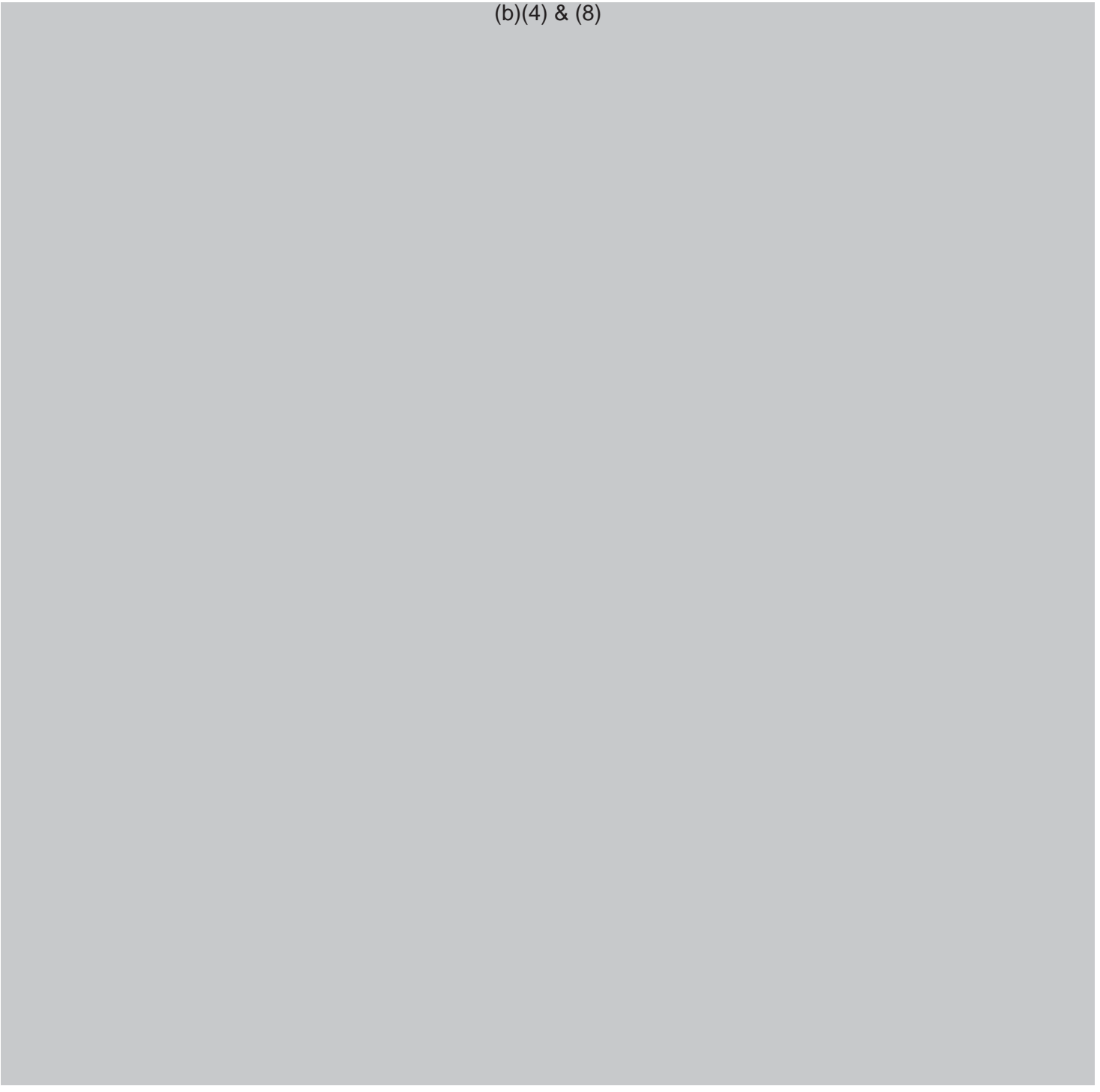
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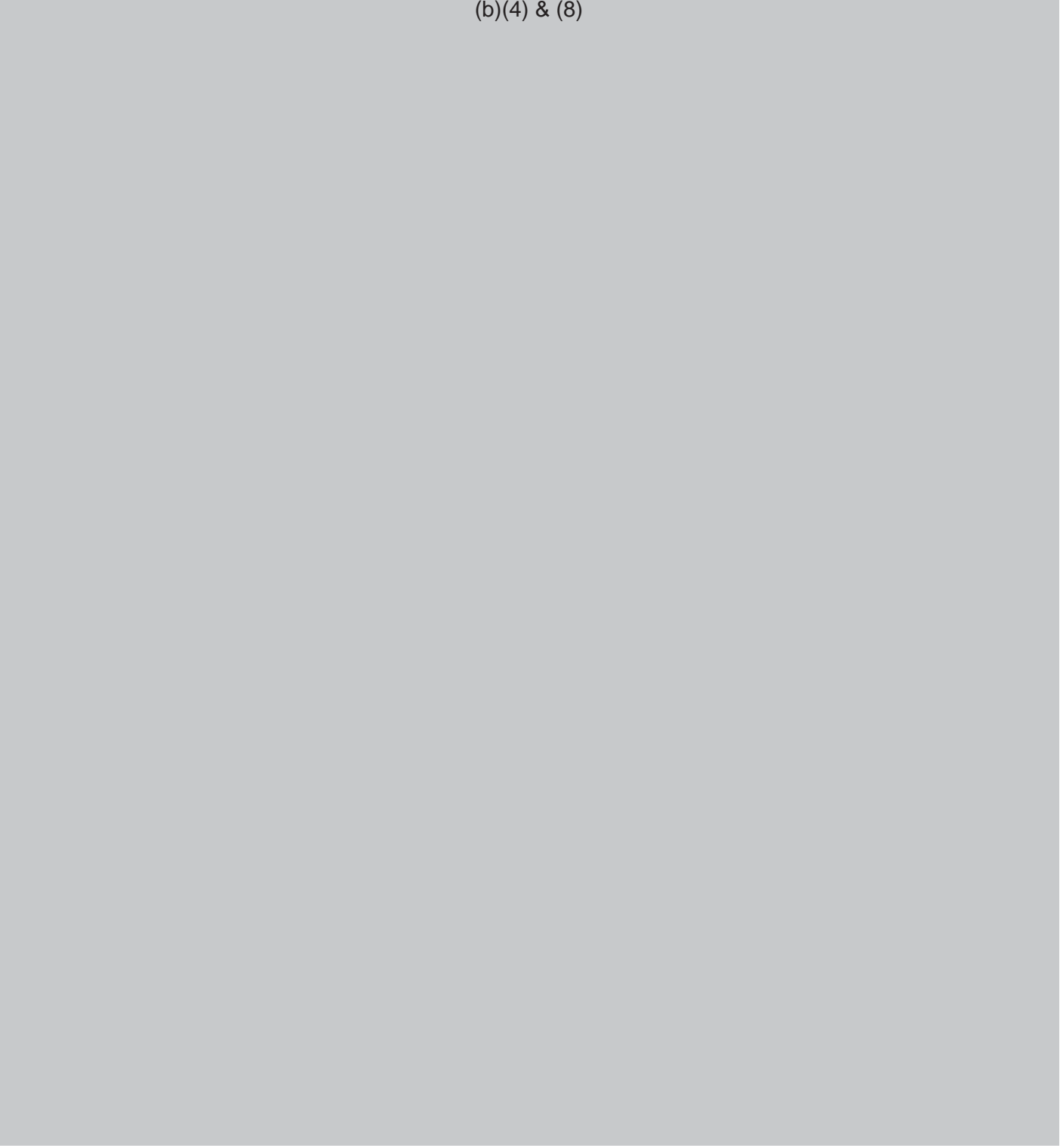
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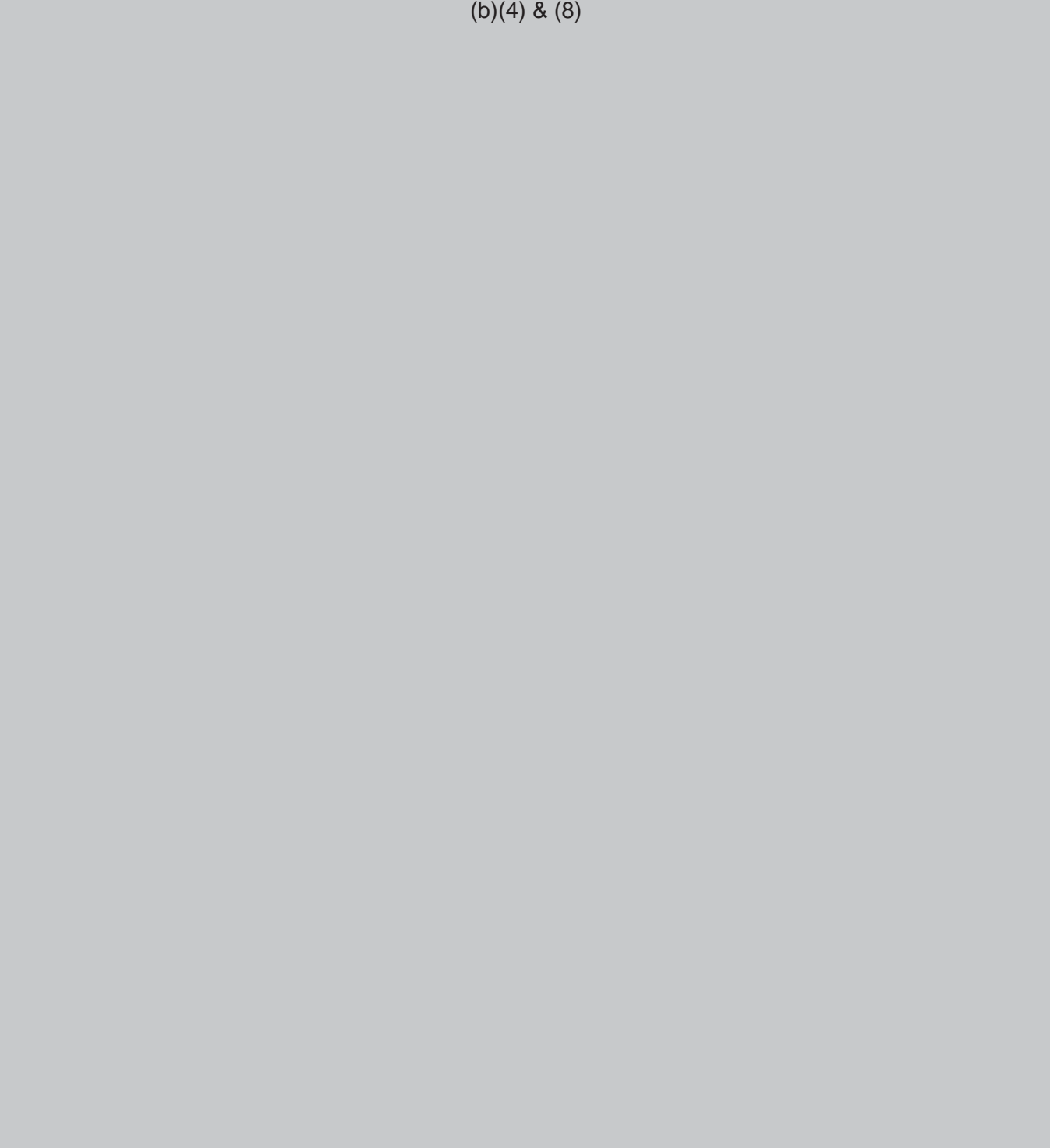
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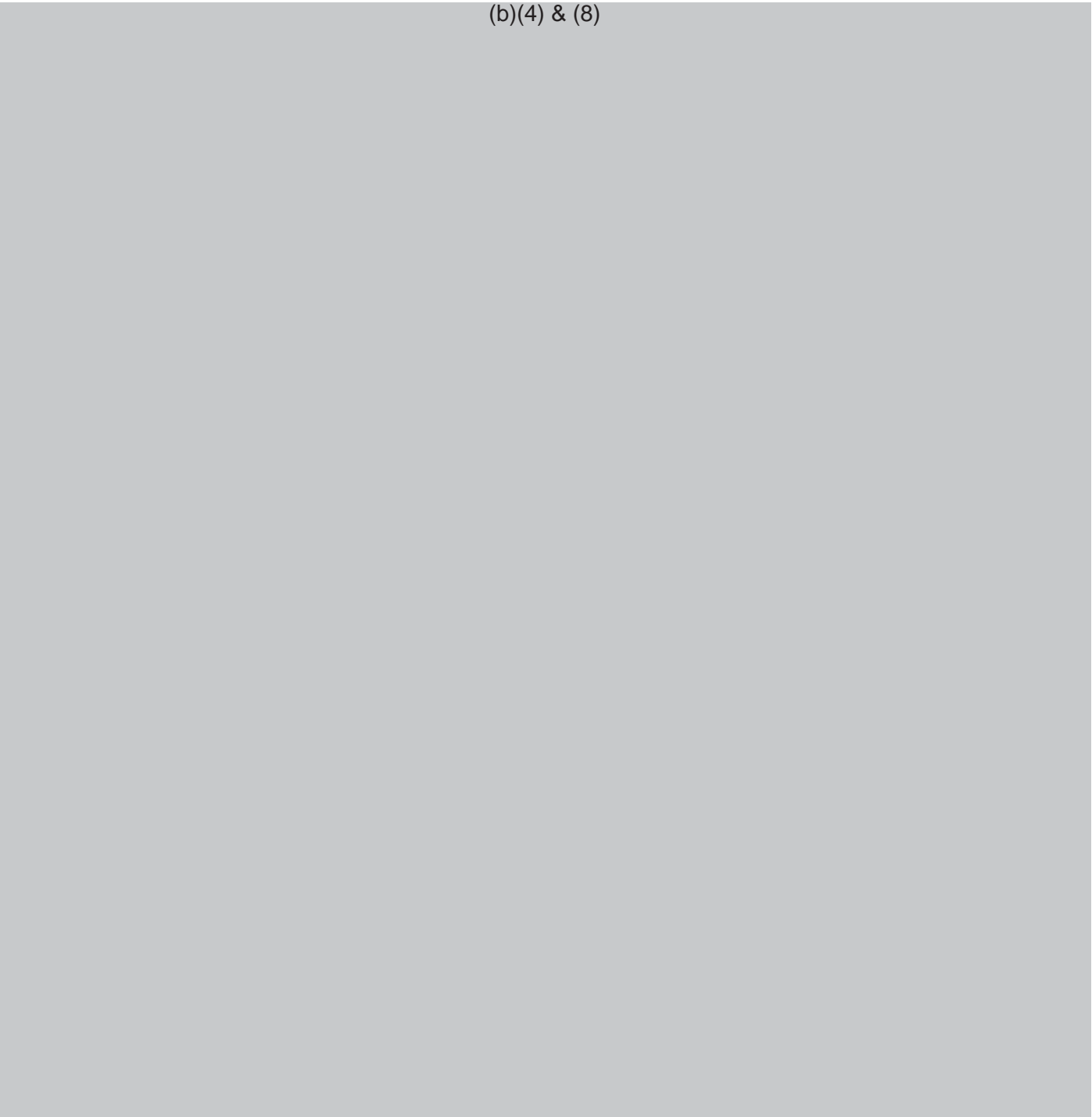
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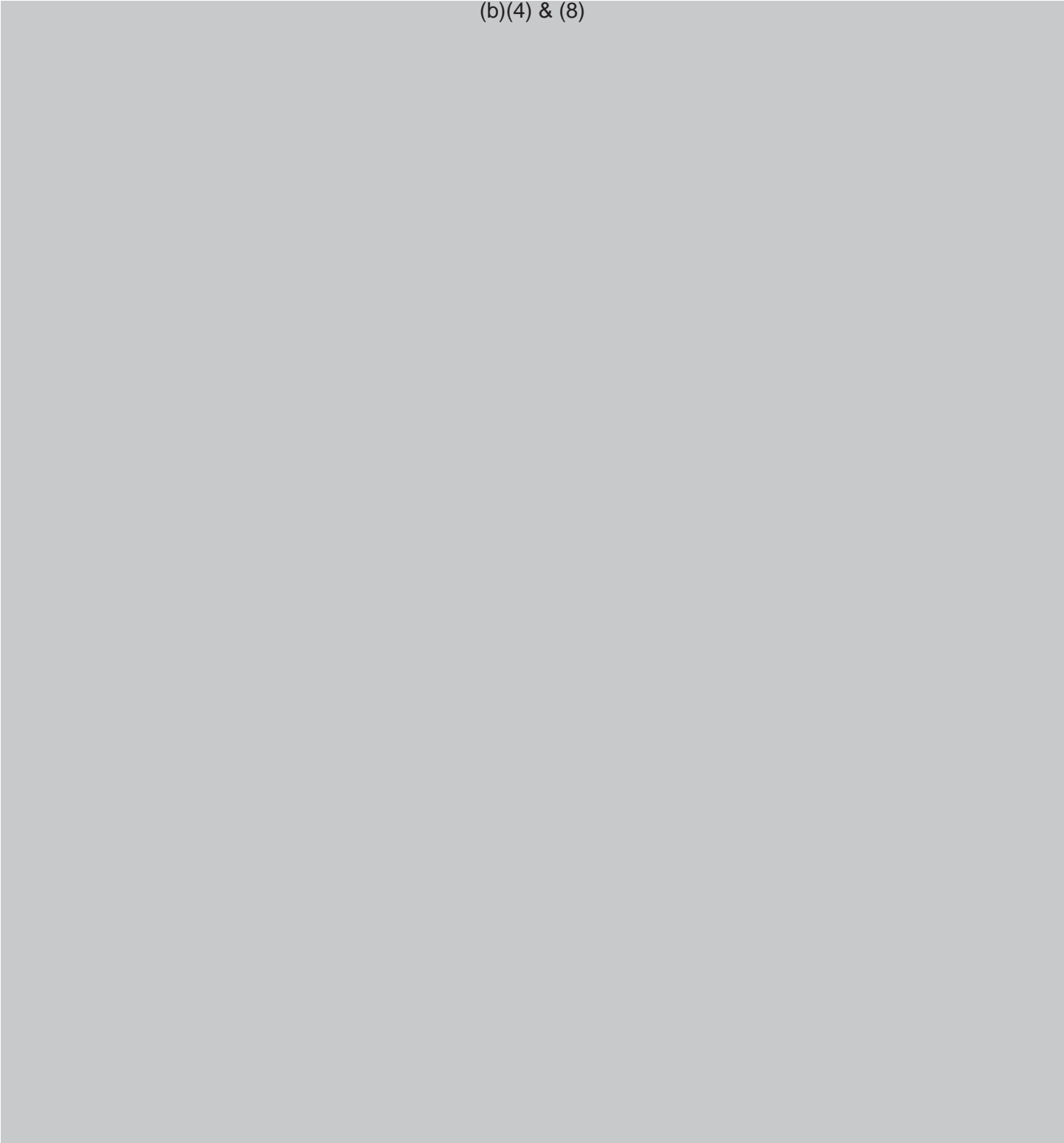
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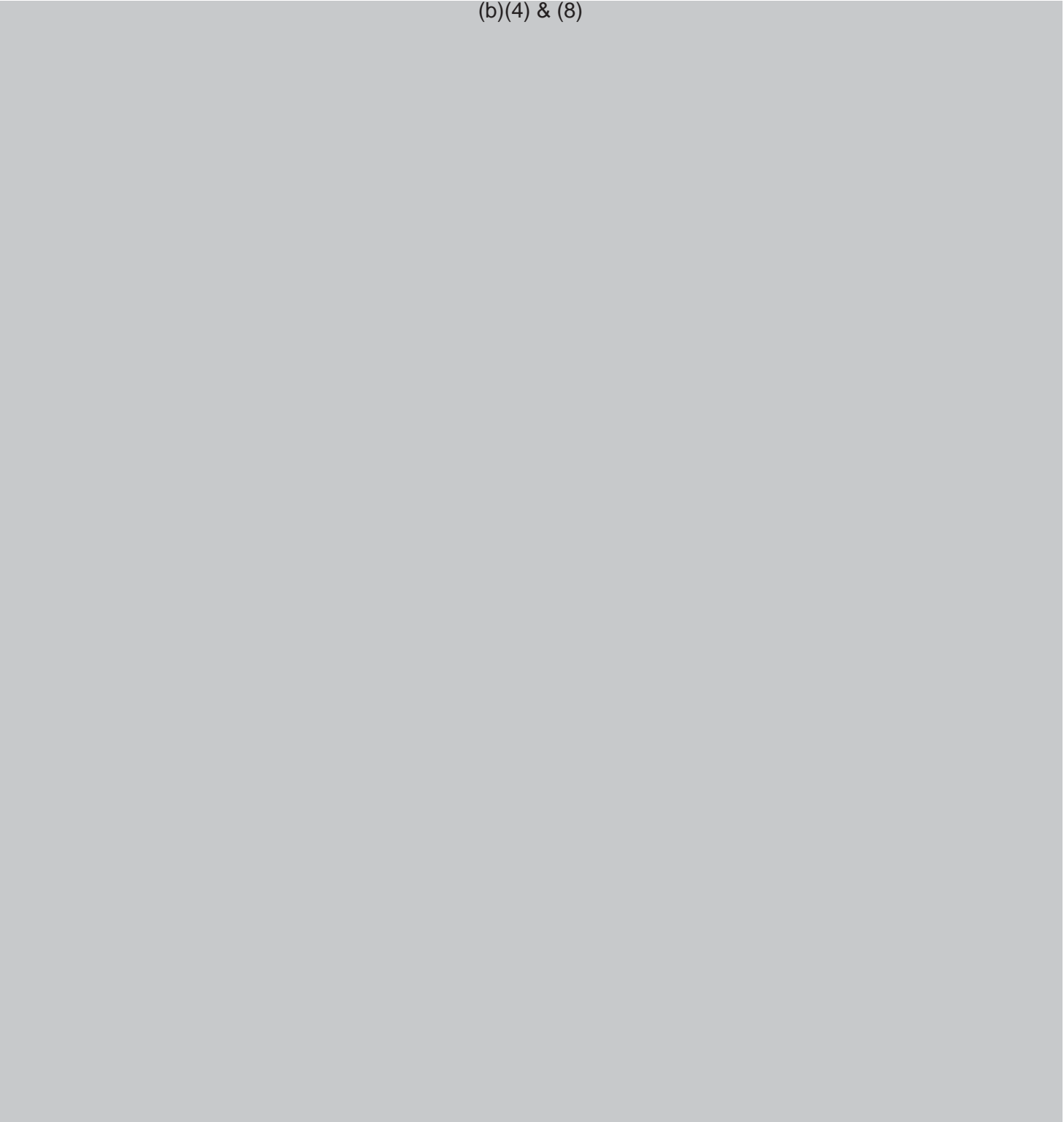
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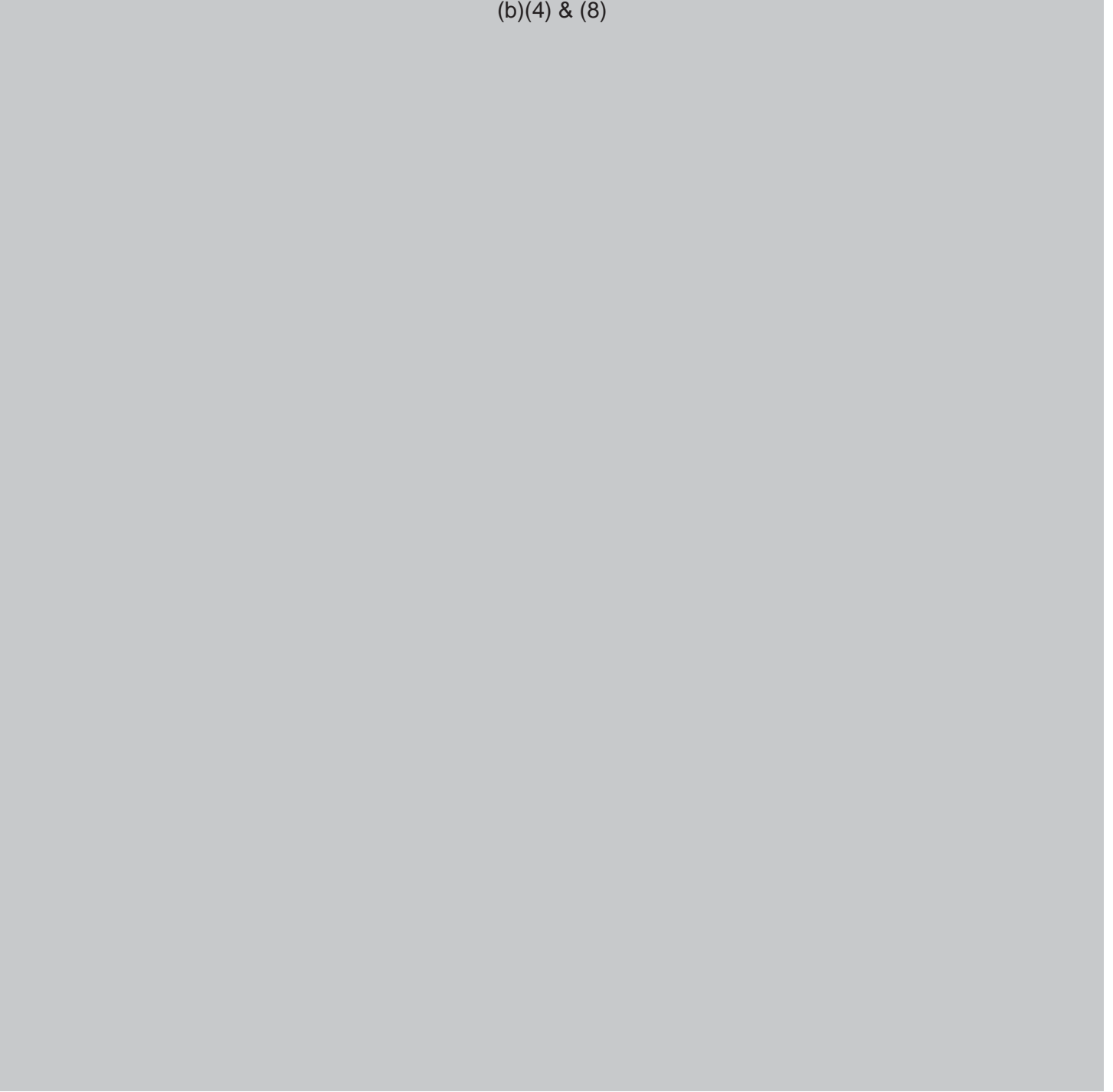
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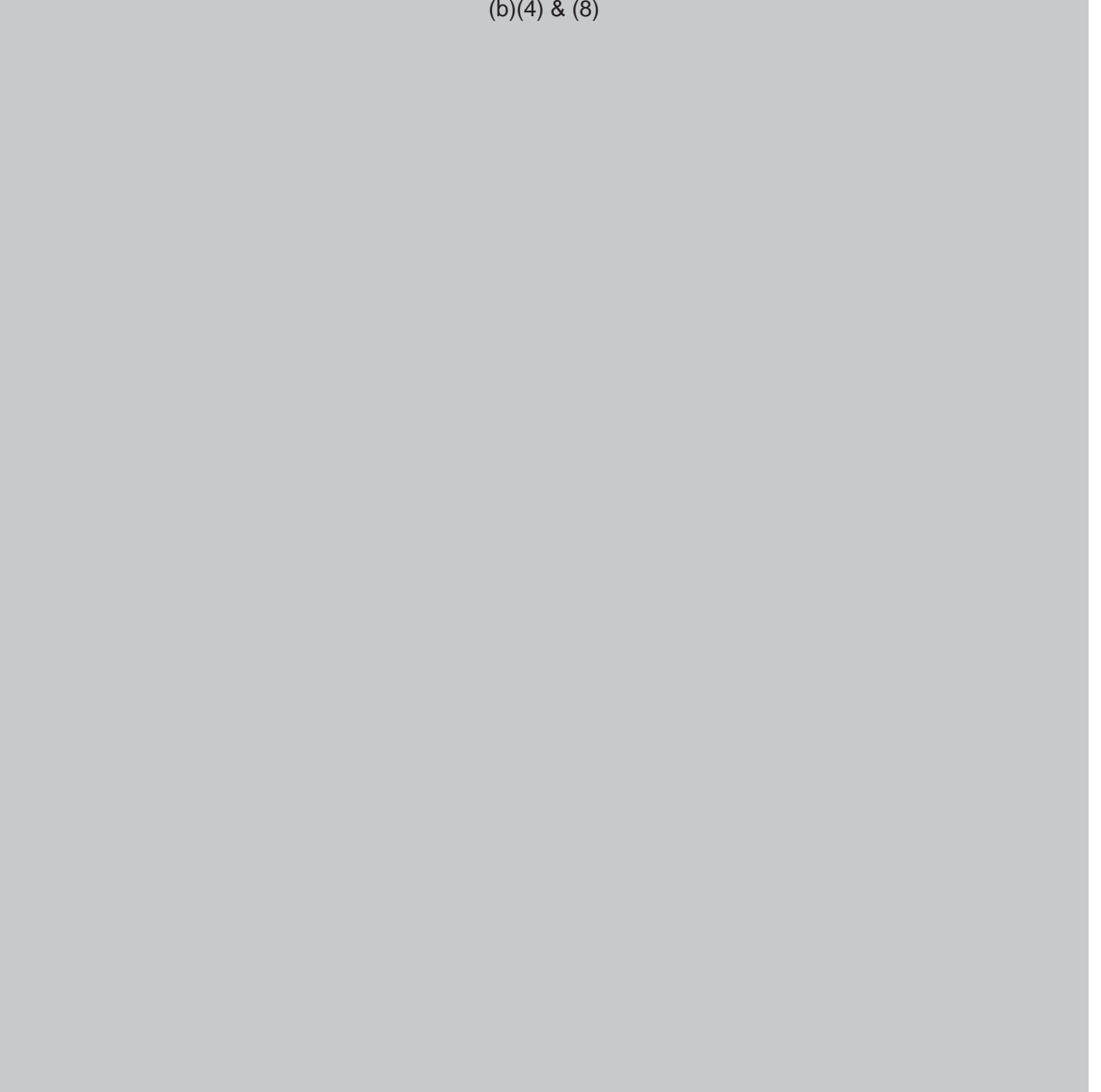
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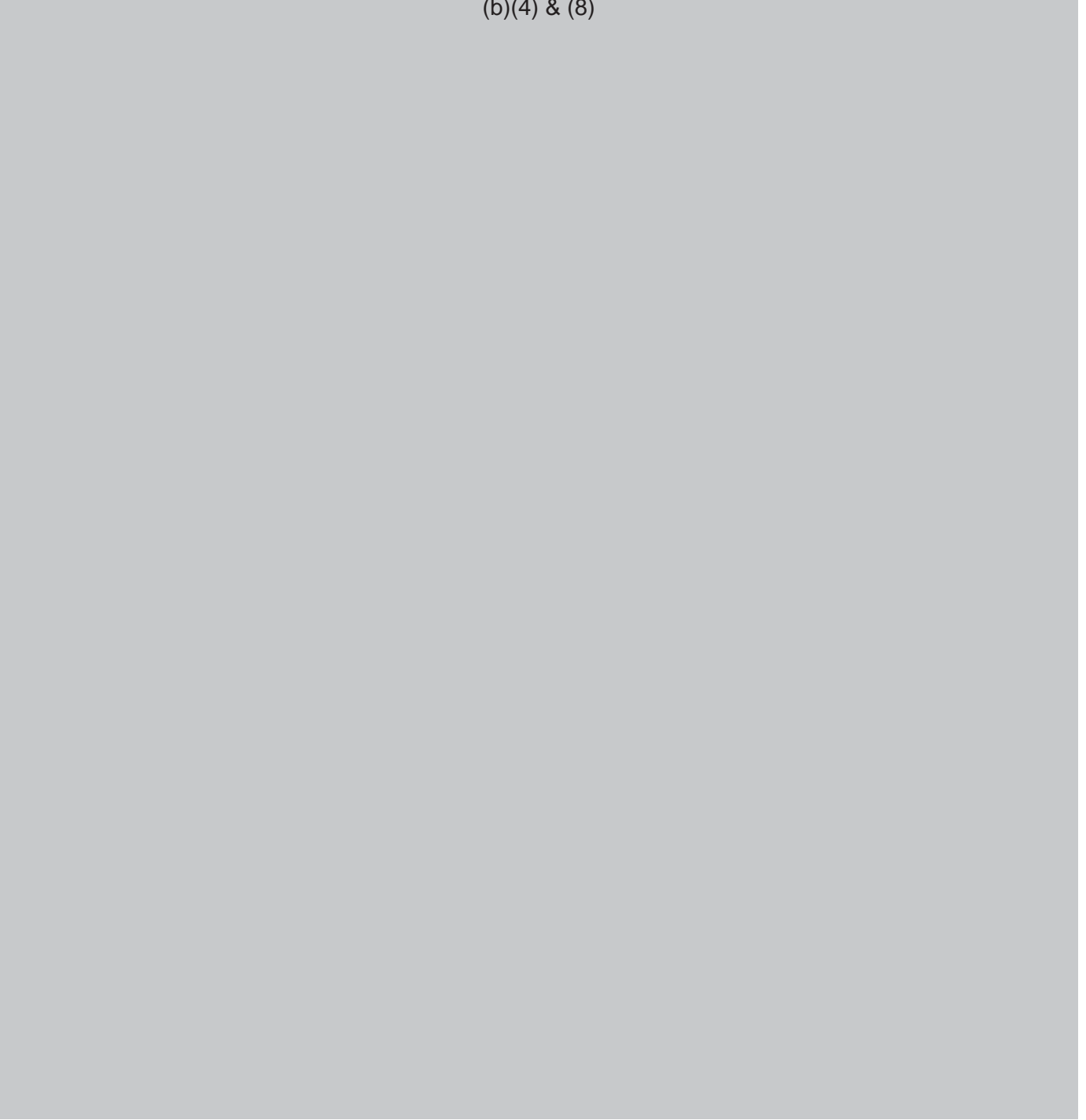
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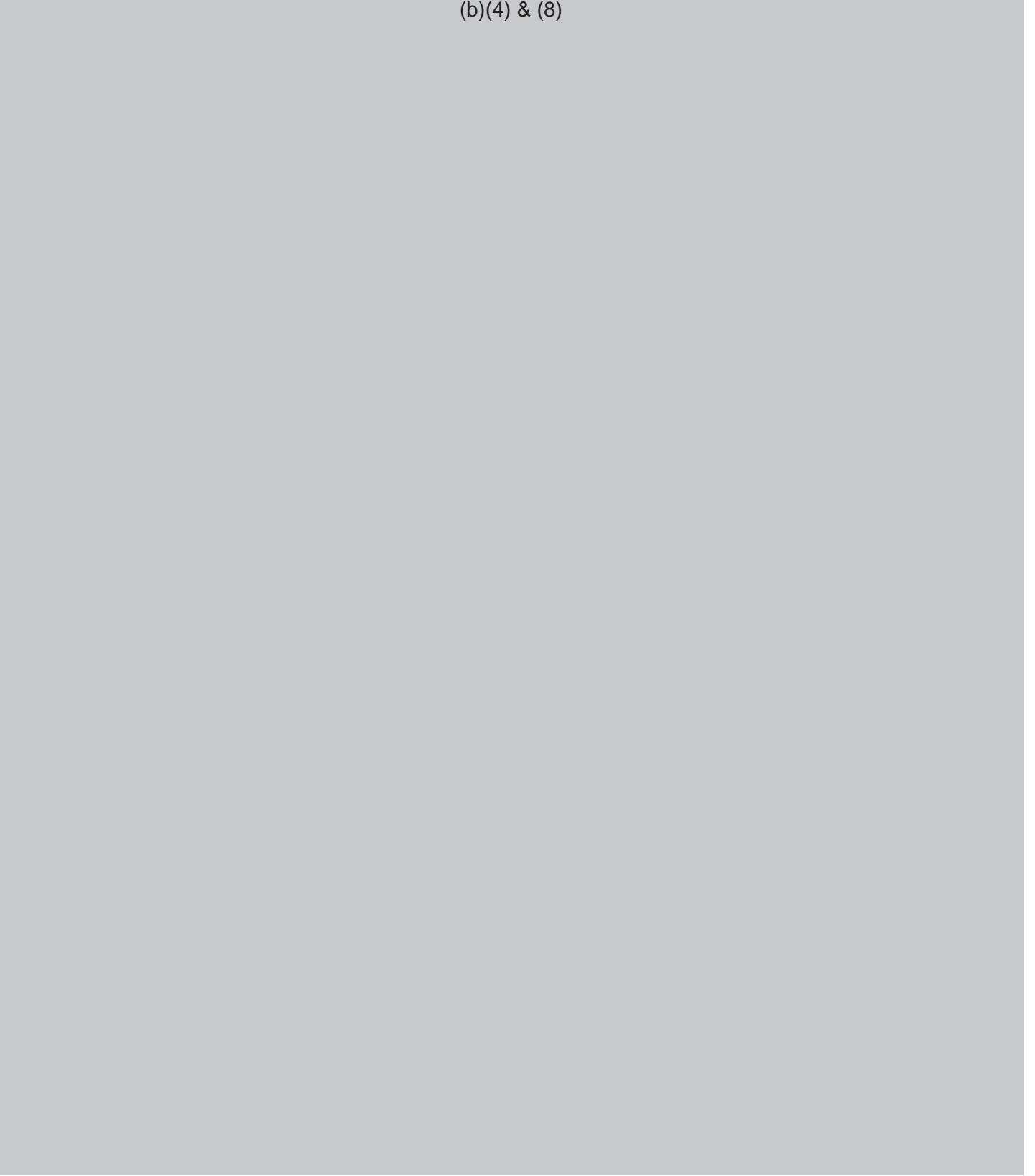
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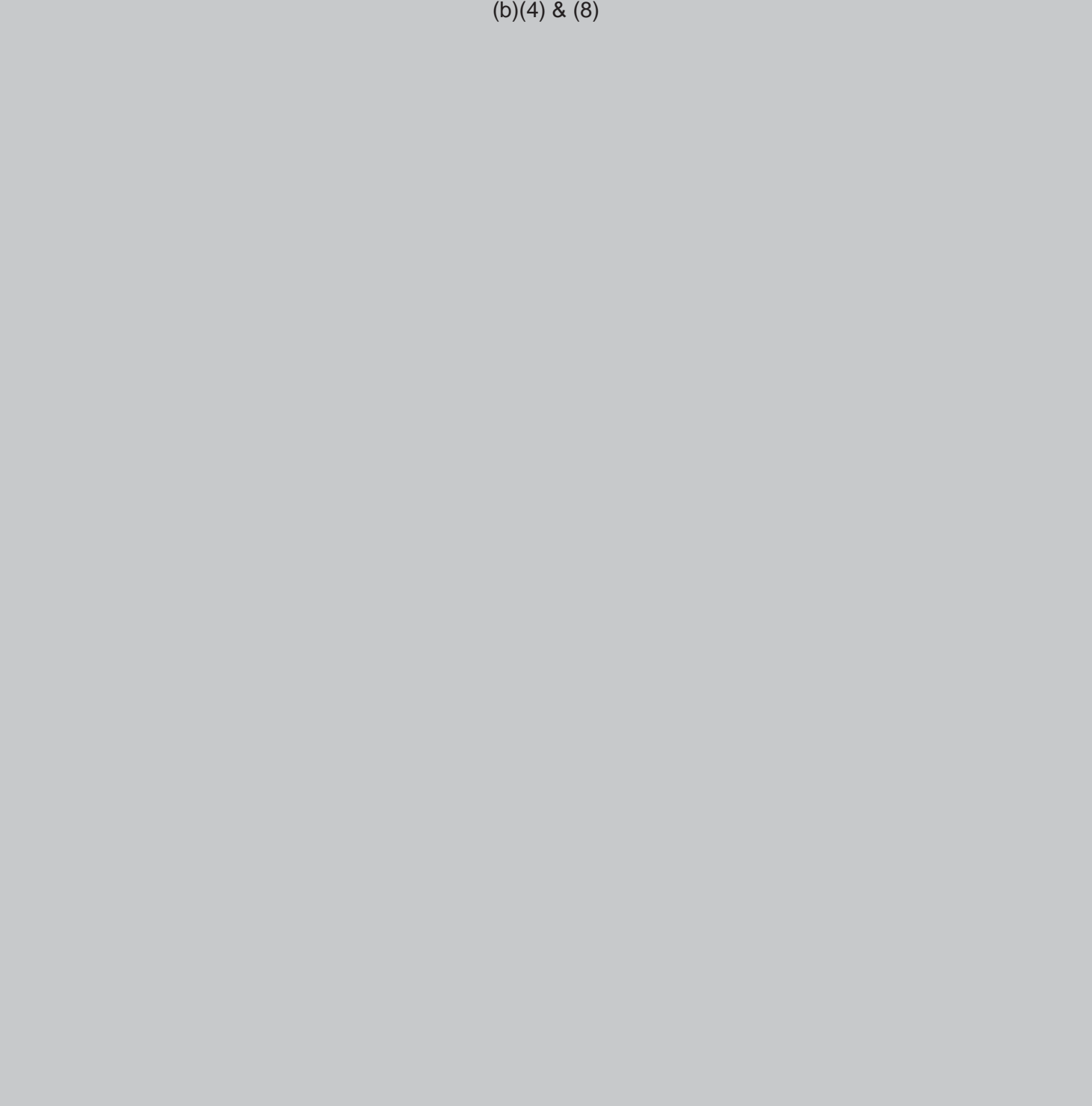
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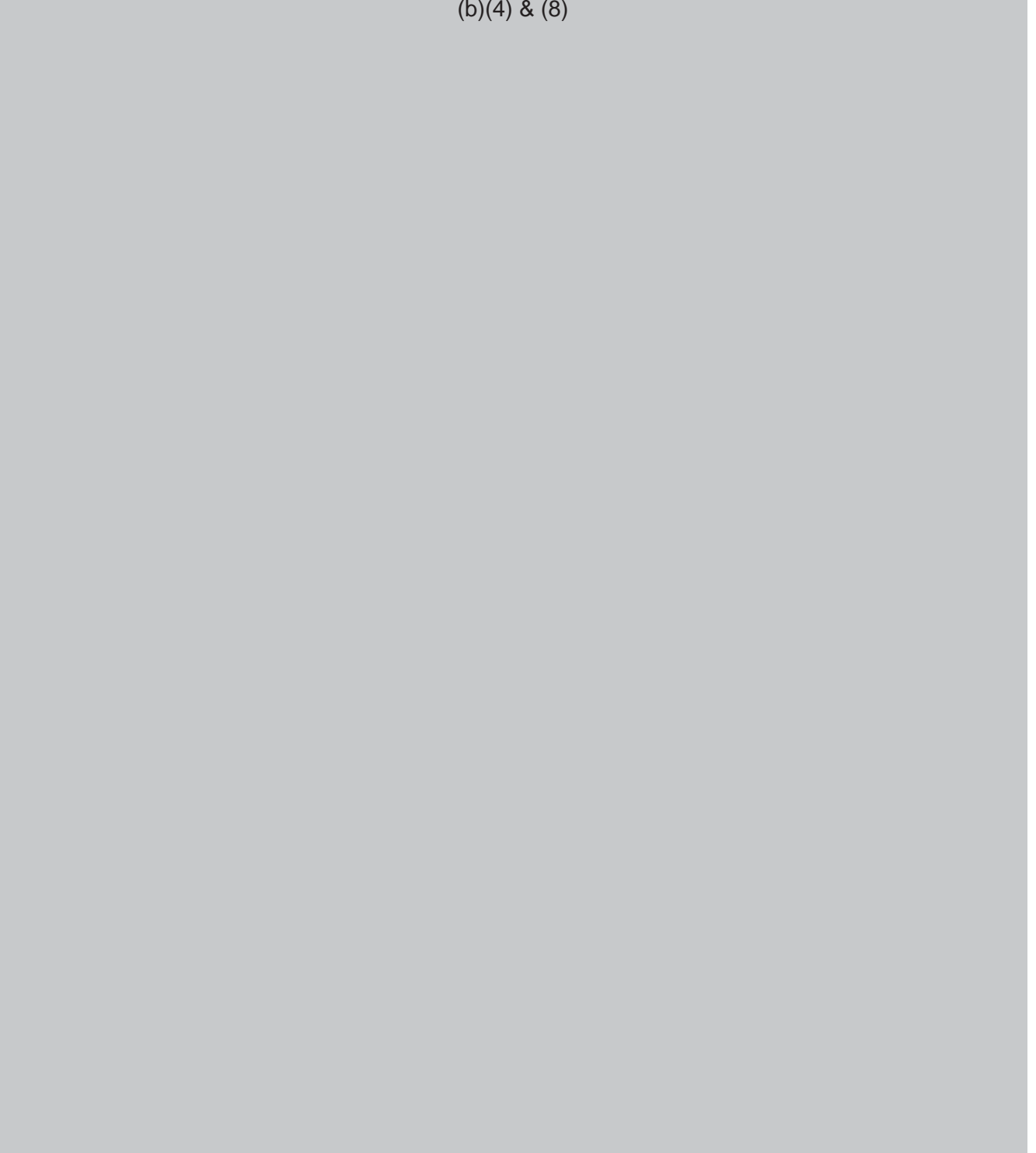
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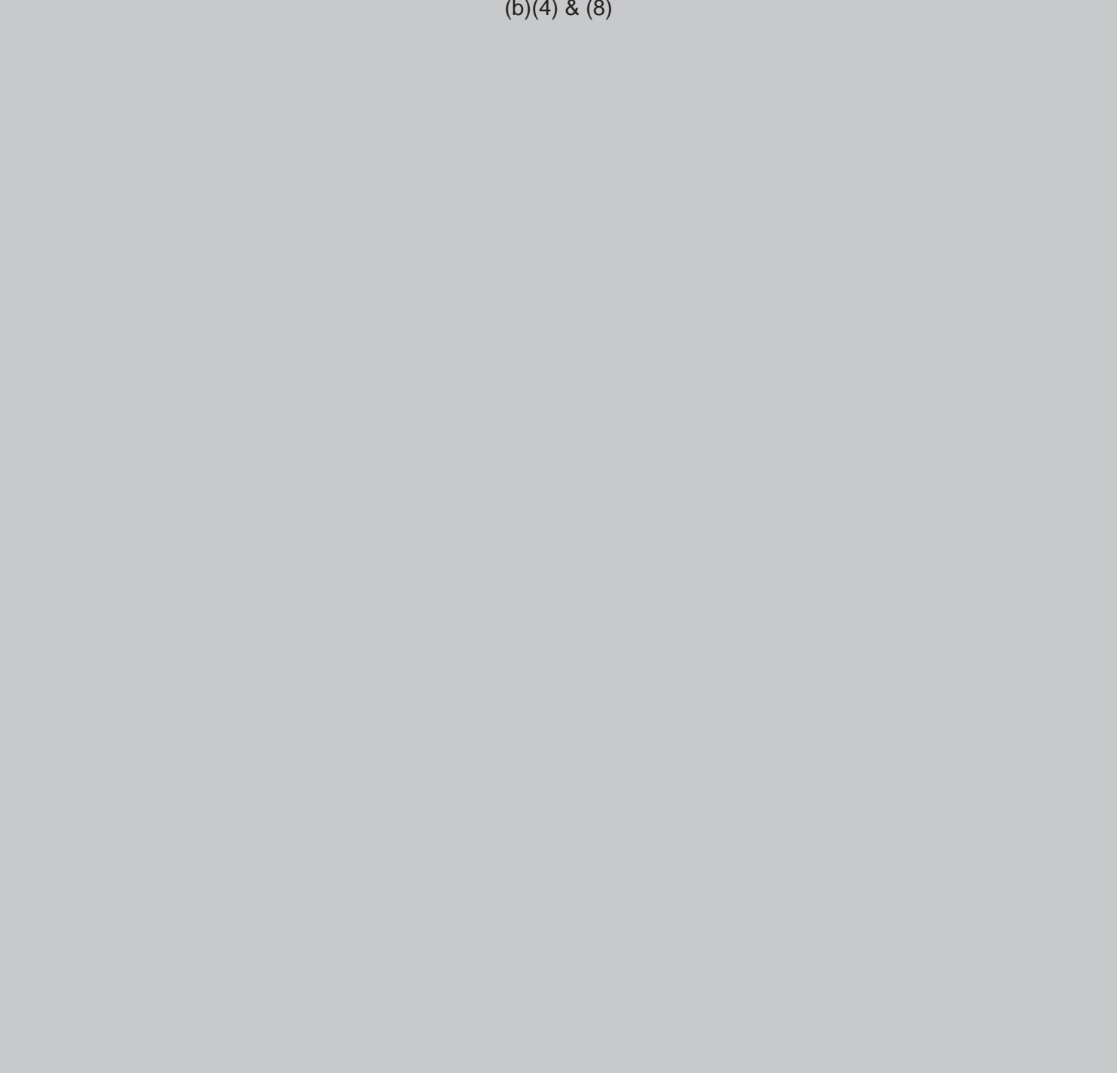
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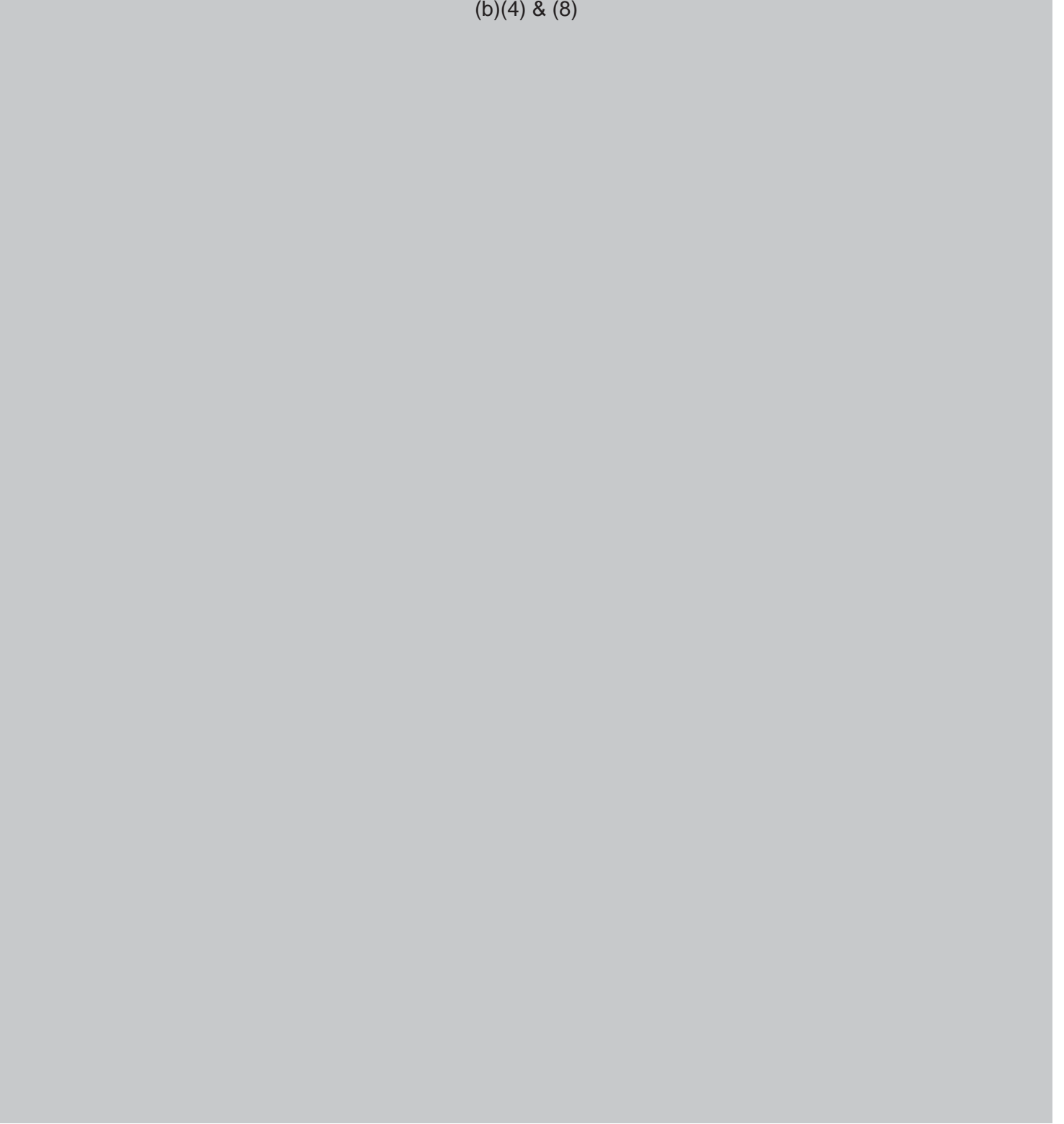
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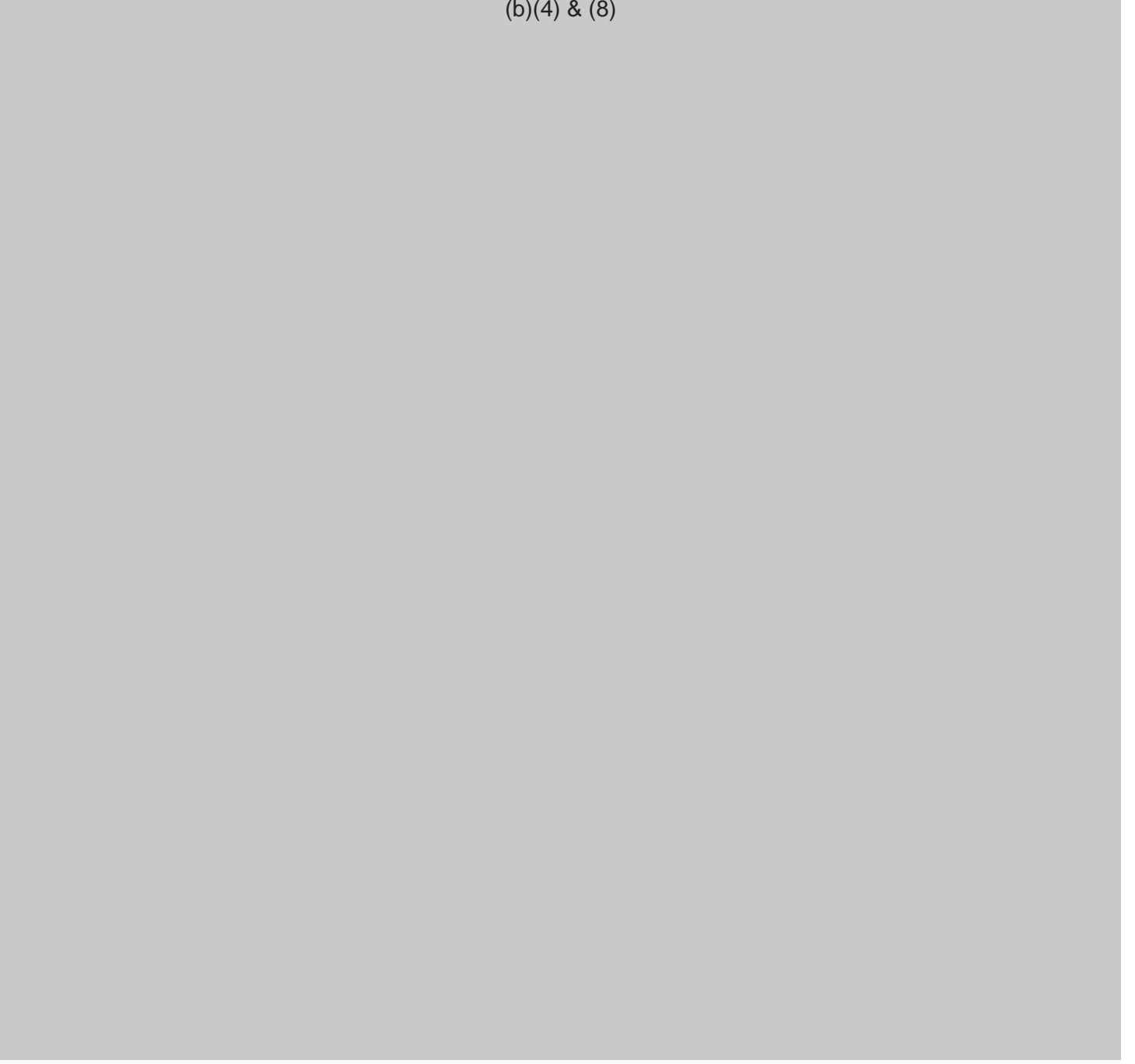
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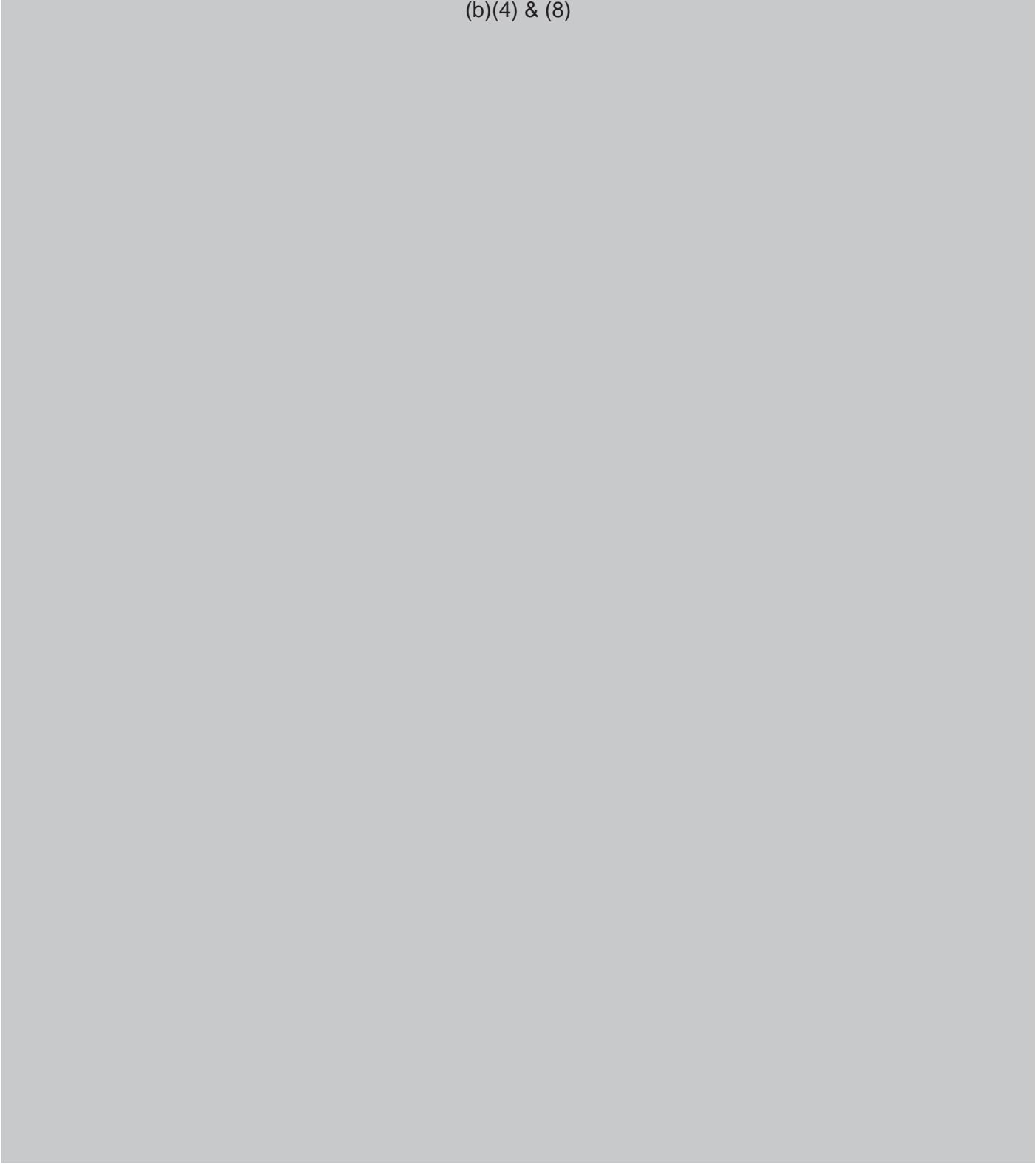
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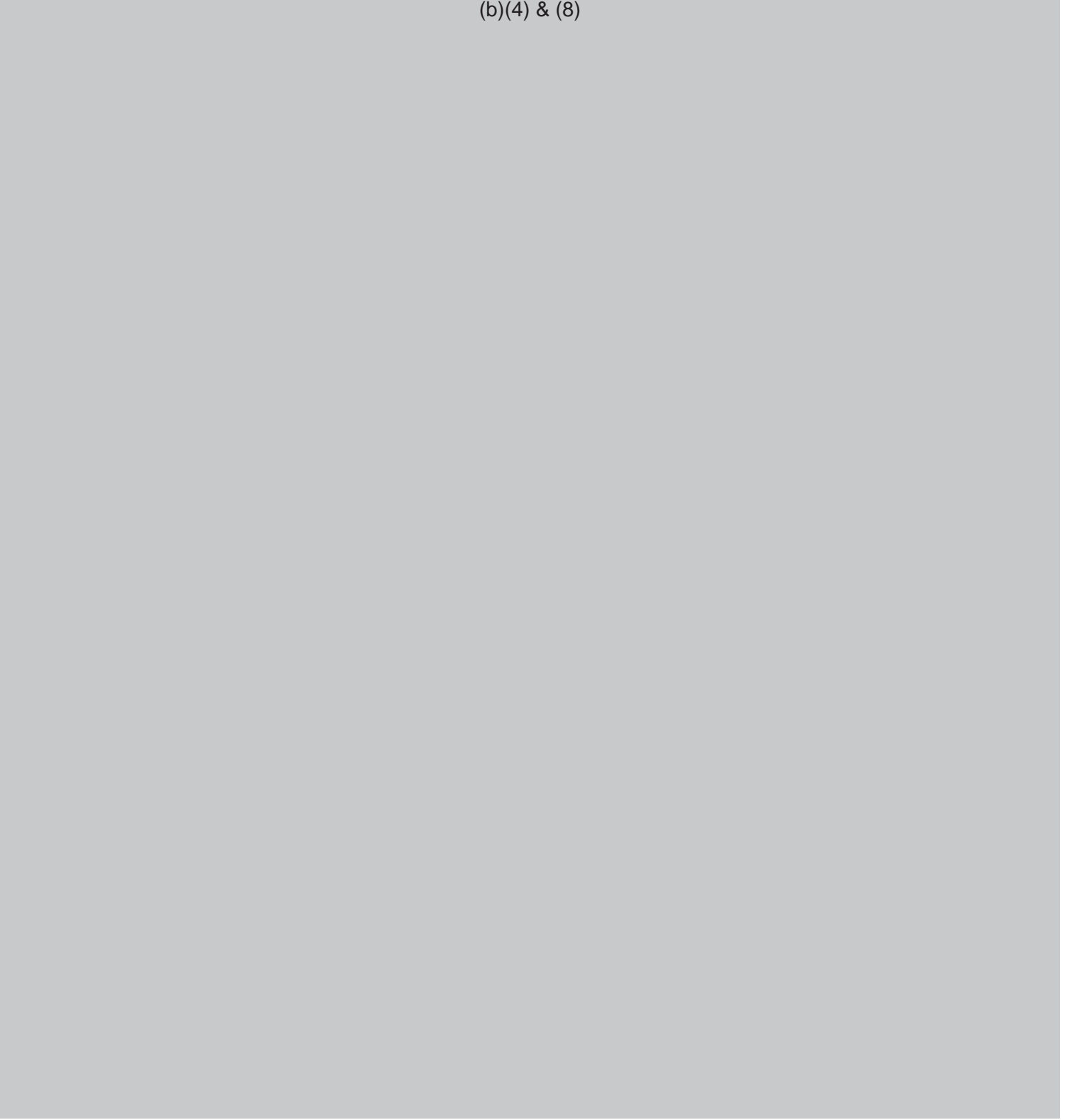
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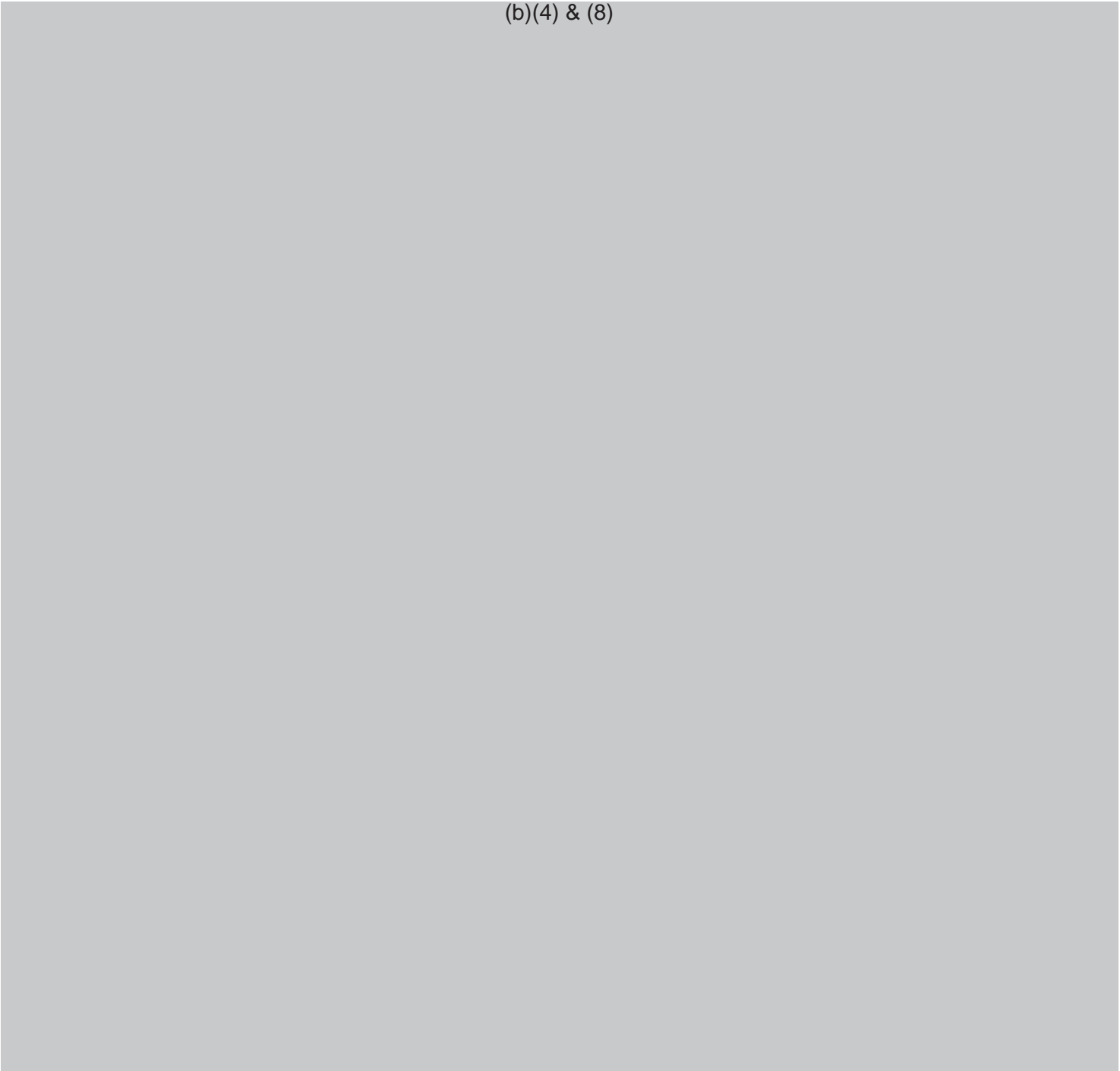
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Not responsive (does not concern the CIT-OneWest acquisition); also (b)(4) & (8)



From: Majeski, Jane
Sent: Tuesday, July 22, 2014 10:18 AM
To: Cheatham, James
Cc: Lord, Martin; Oon, Wing
Subject: RE: CIT to purchase OneWest Bank for \$3.4B -FRSONLY-

INTERNAL FR

Jim—

(b)(5)

Jane A. Majeski
Senior Advisor
Credit Risk Department
Federal Reserve Bank of New York
212-720-5667

From: Cheatham, James
Sent: Tuesday, July 22, 2014 10:16 AM
To: Majeski, Jane
Subject: RE: CIT to purchase OneWest Bank for \$3.4B -FRSONLY-

(b)(5)

From: Majeski, Jane
Sent: Tuesday, July 22, 2014 10:13 AM
To: Mendes, Tunde; Cheatham, James; Quezada, Andre
Cc: Oon, Wing
Subject: RE: CIT to purchase OneWest Bank for \$3.4B -FRSONLY-

INTERNAL FR

Thanks; FY

(b)(5)

<http://investing.businessweek.com/research/stocks/private/person.asp?personId=149>

Steven Mn

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Banks

Company Overview of OneWest Bank Group LLC

Snapshot

People

Overview

Board Members

Committees

Executive Profile

Steven Turner Mnuchin

Co-Founder, Co-Chief Executive Officer and Chairman , Dune Capital Management LP

Age

Total Calculated Compensation

This person is connected to 5 Board Member organizations across 5 different industries

51

--

See Board Relationships

Background

Mr. Steven Turner Mnuchin, also known as Steve, is a Co-Founder, Co-Chief Executive Officer and Chairman of Dune Capital Management LP. Mr. Mnuchin serves as Chairman and Co-Founder of One West Bank Group LLC. He co-founded One West Bank in 2004. He is a Founding Partner of Partners LP. He was an Investment Professional of Soros Fund Management LLC from 1994 to 2001. He served as the Chief Executive Officer at SFM Capital Management from 2003 to 2004. While at SFM, he served as Executive Vice President since February 2001 and Co-Chief Information Officer from December 2001. Mr. Mnuchin served as a Member of the Executive Office at SFM from February 2001. He was responsible for overseeing mortgages, U.S. governments securities, and commodities division from November 1994 to December 1998. Mr. Mnuchin served as the Head of the Fixed Income Department at SFM. Prior to SFM, he served at The Goldman Sachs Group, Inc. as a Managing Director since December 2001. He serves as the Chairman of OneWest Bank, FSE Bancorp. He serves as the Chairman of ESL Investments Inc. since 2003 and serves as its Director. He serves as a Director on the Yale Development Board and the National Board. He is a Trustee of the Whitney Museum, the Hirshhorn Museum and Sculpture Garden, Riverdale Country School and New York Presbyterian Hospital. Mr. Mnuchin graduated from Yale University.

Collapse Detail

Corporate Headquarters

Annual Compensation

Jane A. Majeski
Senior Advisor
Credit Risk Department
Federal Reserve Bank of New York
212-720-5667

From: Mendes, Tunde
Sent: Tuesday, July 22, 2014 8:59 AM
To: Cheatham, James; Quezada, Andre; Majeski, Jane
Subject: CIT to purchase OneWest Bank for \$3.4B -FRSONLY-

INTERNAL FR

CIT to purchase OneWest Bank for \$3.4B • 6:58 AM

- CIT Group (NYSE:CIT) has entered into a definitive agreement and plans to merge with with IMB Holdco, the parent company of OneWest Bank, for \$3.4B.
- OneWest Bank operates 73 retail branches in Southern California, and has approximately \$23B in assets and \$15B in deposits.
- Under the terms of the agreement, IMB Holdco shareholders will receive \$2B in cash and 31.3M shares of CIT common stock currently valued at \$1.4B (assuming a CIT stock price of \$44.33).
- CIT estimates the deal to be 20% accretive to 2016 EPS and generate an IRR of 15%.

From: Cheatham, James
Sent: Tuesday, July 22, 2014 10:24 AM
To: Majeski, Jane
Subject: FW: CIT Acquisition deck
Attachments: OneWest acquisition deck from 7-22-14 analyst meeting.pdf

Check out slid (b)(5) .

From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:10 AM
To: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Kindler, Zev (Zev.Kindler@ny.frb.org); Guo, Cindy; Mendes, Tunde
Cc: Lipman, Michael S (Board) (michael.s.lipman@frb.gov)
Subject: CIT Acquisition deck

FYI

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org



Acquisition of OneWest

Creating a Commercial Bank for the Middle Market

July 22, 2014

Duplicate Copy of the 28-page investor presentation attached to the July 22, 2014 Email at 8:37am (above). The attachment is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

From: Fergus, Troy E
Sent: Tuesday, July 22, 2014 10:24 AM
To: Sarvey, Bill J (Board) (bill.sarvey@frb.gov)
Subject: FW: CIT Acquisition deck
Attachments: OneWest acquisition deck from 7-22-14 analyst meeting.pdf

Bill,

According to page 3 of the acquisition deck the merger will take place in the first half of 2015.

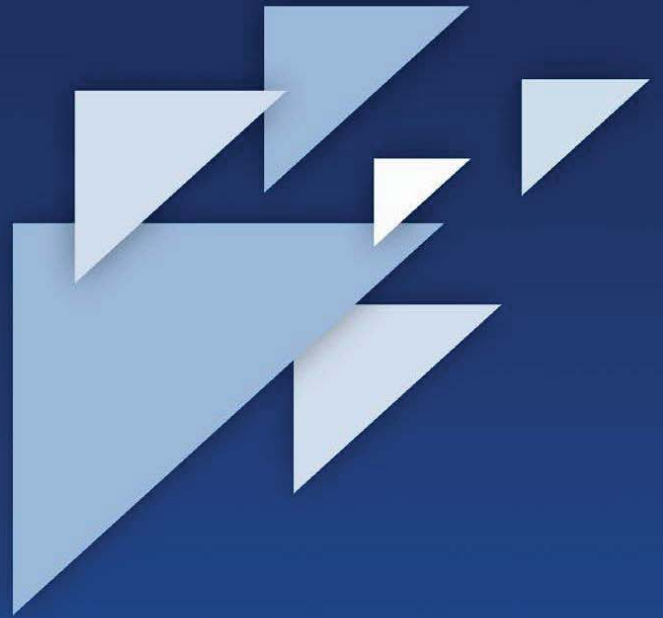
From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:21 AM
To: Fergus, Troy E
Subject: FW: CIT Acquisition deck

FYI

From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:10 AM
To: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Kindler, Zev (Zev.Kindler@ny.frb.org); Guo, Cindy; Mendes, Tunde
Cc: Lipman, Michael S (Board) (michael.s.lipman@frb.gov)
Subject: CIT Acquisition deck

FYI

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org



Acquisition of OneWest

Creating a Commercial Bank for the Middle Market

July 22, 2014

Duplicate Copy of the 28-page investor presentation attached to the July 22, 2014 Email at 8:37am (above). The attachment is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

From: [Bill Sarvey](#)
To: [Phyllis Harwell](#)
Cc: [Tim Robertson](#); [Annett Castro-Kirkpatrick](#)
Subject: RE: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends -FRSONLY-
Date: Tuesday, July 22, 2014 10:28:14 AM

Per a deck I received from FRBNY, the acquisition is expected to close during the first half of 2015. I will monitor it.

From: Phyllis Harwell
Sent: Tuesday, July 22, 2014 7:38 AM
To: Bill Sarvey
Cc: Tim Robertson; Annett Castro-Kirkpatrick
Subject: Fw: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends

Duplicate Email Captured in the Email Chain dated July 22, 2014 at 8:35am (above)

From: DealBook [<mailto:nytdirect@nytimes.com>]
Sent: Tuesday, July 22, 2014 07:28 AM Eastern Standard Time
To: Phyllis Harwell
Subject: DealBook: CIT to Buy OneWest | Investors to Directors: Can We Talk? | Hedge Funds' Tax Strategy Under Fire | Cash Crops With Dividends

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TUESDAY, JULY 22, 2014

TODAY'S TOP HEADLINES

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PRIVATE EQUITY Newell Rubbermaid to Buy Beverage Container Business

HEDGE FUNDS Elliott Management Expected to Consider Activist Options for EMC

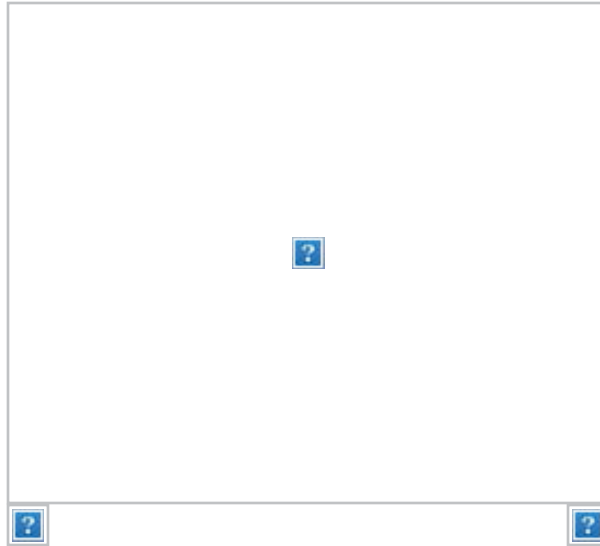
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[LEGAL/REGULATORY Wall Street's New Enforcers Aim to Muzzle Whistle-Blowers](#)

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BY SYDNEY EMBER

CIT TO BUY ONEWEST FOR \$3.4 BILLION CIT Group, the lender to small and midsize businesses run by John A. Thain, said on Tuesday that it had agreed to acquire the parent company of OneWest Bank for \$3.4 billion in cash and stock, **DealBook's Michael J. de la Merced writes**. The deal will bolster CIT's lending abilities by more than doubling its deposit base. OneWest currently manages \$15 billion in deposits, as well as \$23 billion in assets, including commercial and home mortgages. It will merge with CIT's own bank, **creating a subsidiary with \$28 billion in deposits and \$67 billion in assets**.

Under the terms of the deal, CIT will pay \$2 billion in cash and 31.3 million of its own shares valued at \$1.4 billion. CIT expects the deal to grow 2016 earnings per share by 20 percent, while creating an internal rate of return of 15 percent. **The takeover will unite two once-troubled institutions**. CIT was forced to reorganize itself through a quick bankruptcy filing in 2009 after being battered during the financial crisis. And OneWest was formed from the remains of IndyMac, a once major savings and loan in Southern California that tumbled during the housing bust.

INVESTORS TO DIRECTORS: CAN WE TALK? In corporate America, shareholders vote for directors, but directors rarely, if ever, communicate with them, **Andrew Ross Sorkin writes in the DealBook column.** "Within the clubby world of directors, communicating with shareholders, big or small, is overtly frowned upon," he writes. "That's why it was so unusual for at least 1,000 large United States public companies to receive a letter this month from a group of shareholders representing more than \$10 trillion in assets with a demand: Talk to us."

What was uncommon about the letter was that it came not from activist investors, but from institutional investors that until recently had traditionally always supported whatever a company's board recommended, Mr. Sorkin writes. **Boards have long shunned speaking with investors** for several reasons, including concern about accidentally disclosing sensitive information. Some chief executives also don't want shareholders to get too close to their boards lest they have undue influence.

"There is a potential downside for all this transparency, too: If a board becomes too enamored with a particular view from a particular set of shareholders, it could lead to **short-term thinking that undermines long-term performance**," Mr. Sorkin writes. "In the age of activism that is clearly not going away, it would seem that some form of engagement from directors with shareholders – rather than directors simply taking their cues from management – would go a long way toward **helping boards work on behalf of all shareholders** rather than just the most vocal."

HEDGE FUNDS' TAX STRATEGY UNDER FIRE A Senate investigation has found that hedge funds used complex financial structures to claim billions of dollars in tax savings, **DealBook's Alexandra Stevenson writes.** Between 1998 and 2013, more than a dozen hedge funds conducted hundreds of billions of dollars in trades using hundreds of structures, known as "basket options," created by Barclays and Deutsche Bank, the Senate Permanent Subcommittee on Investigations said in a **93-page report on Monday.**

The Senate subcommittee estimated that over a period of more than a decade, James H. Simons's Renaissance Technologies **avoided more than \$6 billion in taxes alone.** Other hedge funds, including Steven A. Cohen's SAC Capital Advisors, also used basket options. The findings – based largely on an investigation into the two biggest users of the products, Renaissance and George Weiss Associates – will be the **subject of a Senate panel hearing on Tuesday** in Washington. Peter Brown, the co-chief executive of Renaissance, and senior executives from Barclays and Deutsche Bank are scheduled to testify.

Ms. Stevenson writes: "The basket options under scrutiny were structured

as accounts that **allowed hedge funds to bypass taxes on short-term trades**. Barclays and Deutsche Bank used the options to build special accounts for their hedge fund clients in their own names and claimed they owned the assets when it was, in fact, the hedge fund clients that exercised full control of the assets, determining each trade and reaping all the profits, the Senate investigation found." The basket options were also structured to allow hedge funds to **borrow greater amounts of money to trade**.

ON THE AGENDA The **consumer price index** is out at 8:30 a.m. The Federal Housing Finance Agency **house price index** is released at 9 a.m. Data on **existing home sales** is out at 10 a.m. **Pershing Square Capital Management** holds a live presentation and webcast at 10 a.m. about its investigation into the nutritional supplements company Herbalife. **Apple** reports its quarterly results after the market closes.

On the Hill: As noted above, the Senate Permanent **Subcommittee on Investigations** holds a hearing at 9:30 a.m. on hedge funds' use of tactics to convert short-term trading profits into lower-taxed, long-term capital gains. The Senate Banking Committee's **Subcommittee on Housing, Transportation and Community Development** holds a hearing at 3 p.m. on building economically resilient communities.

CASH CROPS WITH DIVIDENDS For nearly a decade, hedge funds have scoured the globe for cheap land as food prices have soared, positioning themselves to profit from the growing demand, **Alexandra Stevenson writes in DealBook**. Now, a small but growing group of sophisticated investors and bankers are combining crops and their soil into an asset class that ordinary investors can buy a piece of.

The latest wave of interest in farmland was generated by the 2008 financial crisis, when investors were drawn to farmland because it seemed more tangible than sliced-and-diced securities. And though there have been challenges, **even Wall Street has gotten into the game**. Farmland Partners and the Gladstone Land Corporation, two real estate investment trusts that also own and lease farmland, are already trading on the Nasdaq stock exchange. Another, American Farmland, is a private company, but its founder, D. Dixon Boardman, is pitching the vision to Wall Street.

Still, though the value of farmland in the United States has appreciated on average by 8.4 percent over the last year and 4.7 percent annually since 1990, **not everyone thinks farmland values will continue to rise endlessly**. And as the financial world's interest in farmland grows, some observers have raised concerns about the new landowners' switching to crops that pay better but that work the soil too hard and use up precious resources like water.

Contact: [@melbournecoal](#) / [E-mail](#)

MERGERS & ACQUISITIONS »

In Takeover Bid, Valeant Complains to Regulators

About Botox Maker As a bitter takeover battle drags on, Valeant Pharmaceuticals contends that Allergan has made false statements about the sales of some Valeant products.

- [DEALBOOK](#) »



Time Warner Cancels Shareholders' Ability to Call Special Board Meeting

The company amended its corporate bylaws as part of a temporary move that gives Time Warner more freedom to oppose a takeover offer from 21st Century Fox.

- [DEALBOOK](#) »



Yahoo Acquires Flurry to Bolster Mobile Offerings

Yahoo announced Monday that it had agreed to acquire Flurry, a mobile ad and analytics company, for an undisclosed price, the Bits blog writes. The purchase will give Yahoo insight into how apps are used on the 1.4 billion mobile devices that run Flurry's software, as well as access to Flurry's mobile ad technology.

- [NEW YORK TIMES BITS](#)

CBS Outdoor in \$690 Million Deal for Advertising

Assets The acquisition of outdoor advertising businesses from Van Wagner Communications comes just four months after CBS Outdoor was spun out of CBS.

- [DEALBOOK](#) »



Ex-Executive of Autonomy Seeks to Block HP

Settlement Over Disastrous Deal Autonomy's former chief financial officer, Sushovan Hussain, sought a judge's intervention to block the proposed settlement between HP and some shareholders over the takeover.

- [DEALBOOK](#) »



INVESTMENT BANKING »

Credit Suisse Posts Largest Loss Since 2008 After U.S.

Fine The Swiss bank posted a second-quarter loss of 700 million Swiss francs, or about \$779 million, a steeper decline than analysts had expected.

- [DEALBOOK](#) »



Credit Suisse and Fidelity to Team Up for I.P.O.s

The two firms said that they were teaming up to give Fidelity's retail brokerage clients access to I.P.O.s and follow-on stock sales underwritten by Credit Suisse.

- [DEALBOOK](#) »



Britain's Serious Fraud Office Joins Extensive Foreign-Exchange Inquiry Britain's Serious Fraud Office is joining various regulators who are investigating allegations of abuse in the multitrillion-dollar foreign exchange market.



- [DEALBOOK](#) »

Wall Street Not on Guest List for Jackson Hole Fed Conference

As the Federal Reserve Bank of Kansas City prepares to host next month's annual gathering of central bankers in Wyoming, seasoned Fed watchers from the financial markets, including chief economists at the biggest United States banks, are not being invited, according to past participants, Bloomberg News reports.

- [BLOOMBERG NEWS](#)

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PRIVATE EQUITY »

Newell Rubbermaid to Buy Beverage Container Business Newell Rubbermaid has agreed to acquire Ignite Holdings, a maker of beverage containers sold under the Contigo and Avex brands, from the private equity firm North Castle Partners for about \$308 million.

- [BLOOMBERG NEWS](#)

China's Huarong to Sell \$2 Billion Stake Goldman Sachs and the private equity firm Warburg Pincus are said to be among a group of investors nearing a deal to buy an up to 20 percent stake in China Huarong Asset Management for about \$2 billion, Reuters reports, citing unidentified people familiar with the situation.

- [REUTERS](#)
-

[HEDGE FUNDS »](#)

Elliott Management Expected to Consider Activist Options for EMC

The hedge fund Elliott Management has built up a position worth at least \$1 billion in EMC Corporation, the computer storage company, with the intent of pushing for a breakup, people briefed on the matter said.



- [DEALBOOK »](#)

Jana Partners Wants Changes at Apache The activist investor Jana Partners has built a stake worth more than \$1 billion in the oil and gas producer Apache and is calling for the company to sell off its international holdings and drill exclusively on American soil, The Wall Street Journal reports.

- [WALL STREET JOURNAL](#)
-

[I.P.O./OFFERINGS »](#)

Chinese Pork Producer Rekindles Hopes For I.P.O. Three months after it scrapped plans for a \$5.3 billion share sale in Hong Kong, China's WH Group, the world's biggest pork producer, is back with a leaner offering that will seek to raise about \$2 billion.

- [DEALBOOK »](#)

Fantex Completes Second Football Player I.P.O., Though Demand Is Slack The start-up offered shares linked to the future income of E.J. Manuel of the Buffalo Bills but had to step in to buy 48 percent of the amount offered.



- [DEALBOOK »](#)

Alibaba Says It Relies on Markets, Not Connections In response to an article about the political connections of some of its shareholders, Alibaba discounted the notion that their backgrounds helped drive its business.

- [DEALBOOK](#)

For Alibaba Investors, the Benefits and Risks of Trusting Jack Ma Alibaba's founder will continue to exert near-total control of the Chinese e-commerce giant even after its I.P.O. Can shareholders trust him to act in their interest? Up to a point, John Foley of Reuters Breakingviews writes.



- [DEALBOOK »](#)
-

[VENTURE CAPITAL »](#)

How Wearable Technology Made Carmelo Anthony a Tech Investor M7 Tech Partners, a venture capital

partnership between Carmelo Anthony and a former NBC executive, will invest in wearable technology and other consumer tech companies.

- [DEALBOOK »](#)



[LEGAL/REGULATORY »](#)

Wall Street's New Enforcers Aim to Muzzle Whistle-Blowers Jordan Thomas and Tom Devine call on the Securities and Exchange Commission to take steps to encourage and protect whistle-blower reporting.

- [DEALBOOK »](#)



The Difficulty in Holding Executives Accountable A Senate bill aims to hold executives responsible for failing to report dangerous product defects, but hurdles to a prosecution remain, Peter J. Henning writes in the White Collar Watch column.

- [DEALBOOK »](#)



Did Dodd-Frank Work? We really have no way of knowing whether "too big to fail" is still with us until we have another crisis, Joe Nocera writes in a New York Times Op-Ed article.

- [NEW YORK TIMES](#)

Flush Times, but Money Isn't Going Into Productivity Capital spending improves worker productivity, and worker productivity leads to better living standards, Neil Irwin writes on The Upshot.

- [NEW YORK TIMES UPSHOT](#)

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From: Nobles, Topaz J
Sent: Wednesday, July 23, 2014 11:19 AM
To: Cheatham, James
Subject: Dudley Write-up -FRSONLY-
Attachments: CIT Acquisition of OneWest.7.23.14.docx

Please see attached.

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

Background

On July 22, 2014, after months of due diligence, CIT announced that it will pursue an acquisition of OneWest Bank. Prior to this announcement CIT met with the Federal Reserve Bank of New York on June 30th to discuss the details of the transaction. CIT will acquire OneWest Bank at 1.2x tangible book value for \$3.4 billion of which 59% will be cash and 41% stock (b)(5)

(b)(5)

(b)(5) OneWest Bank has 73 branches located across Southern California. Following the merger the new company will carry approximately \$70 billion in assets, \$50 billion of which is loans, and \$30 billion in deposits

(b)(5)

From a structuring perspective, CIT Bank will merge into OneWest Bank but will be rebranded to CIT Bank. The OneWest Holding Co., IMB, will be merged into CIT Group Inc. The potential closing date is slated for the 1st or 2nd quarter of 2015 (b)(4), (5) & (8)

. The new management structure will consist of John Thain (CEO), Steven Mnuchin² (Vice Chairman), Joseph Otting³ (President), and Nelson Chai (President).

(b)(4), (5) & (8)

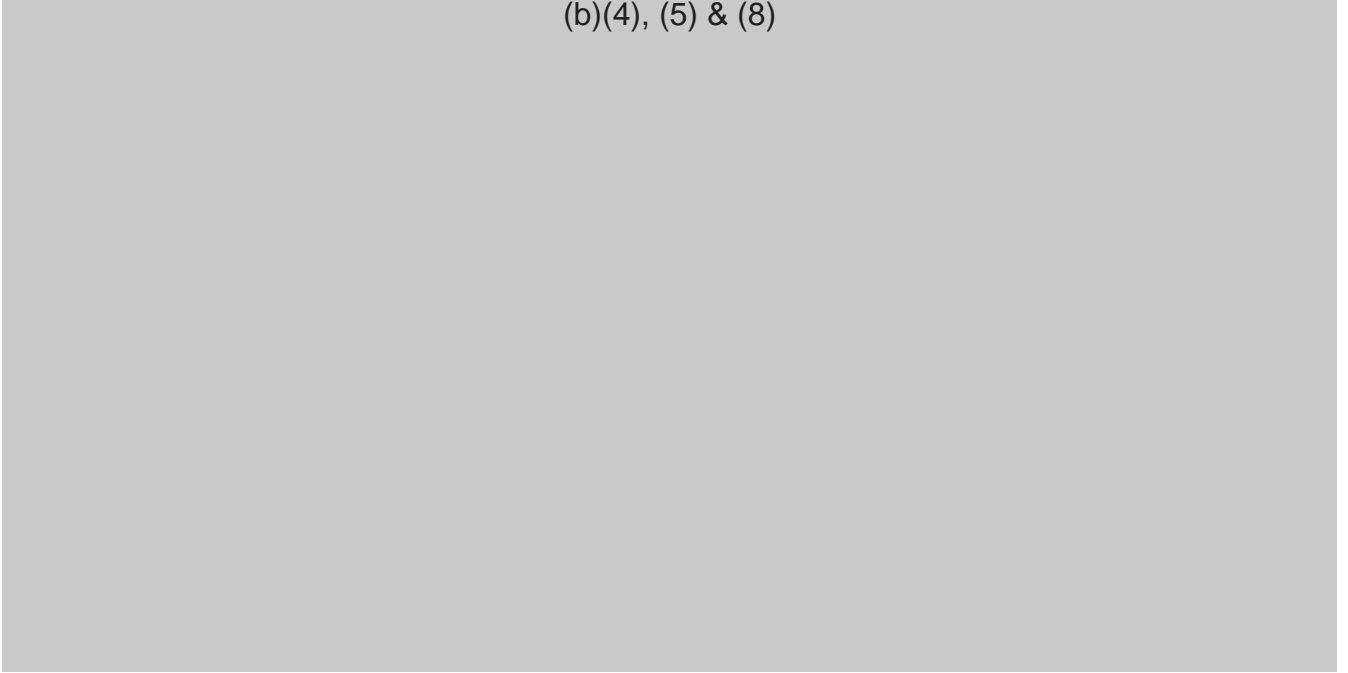
¹

(b)(5)

² Steven Mnuchin is the Chairman and CEO of OneWest Bank Group. Mr. Mnuchin is also Chairman and Chief Executive Officer of Dune Capital Management LP, a private investment firm and he has served in that capacity since September 2004.

³ Joseph Otting is President, Chief Executive Officer and a member of the Board of OneWest Bank, FSB. Prior to joining One West Bank in October 2010, Joseph served as Vice Chairman of U.S. Bancorp, where he managed the Commercial Bank Group and served on the Bancorp's managing committee.

(b)(4), (5) & (8)



From: Nobles, Topaz J
Sent: Wednesday, July 23, 2014 12:06 PM
To: Ricketti, John
Cc: Cheatham, James
Subject: Summary of OneWest Acquisition for Bill Dudley -FRSONLY-
Attachments: CIT Acquisition Presentation.pdf; CIT Acquisition of OneWest.7.23.14.docx

John,

Attached please find the summary of the OneWest acquisition prepared for Bill Dudley. The attached includes changes Jim requested. I am also attaching the presentation CIT provided in conjunction with yesterday's earnings call (b)(5)

[REDACTED]

[REDACTED]

[REDACTED]

TOPAZ J. NOBLES, Esq.
Bank Examiner
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Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

Background

On July 22, 2014, after months of due diligence, CIT announced that it will pursue an acquisition of OneWest Bank¹. Prior to this announcement CIT met with the Federal Reserve Bank of New York on June 30th, and Board Staff on July 1st to discuss the details of the transaction. CIT will acquire OneWest Bank at 1.2x tangible book value for \$3.4 billion of which 59% will be cash and 41% stock (b)(5)

(b)(5)

(b)(5) OneWest Bank has 73 branches located across Southern California. Following the merger the new company will carry approximately \$70 billion in assets, \$50 billion of which is loans, and \$30 billion in deposits (b)(5)

(b)(5) From a structuring perspective, CIT Bank, headquartered in Utah, will merge into OneWest Bank but will be rebranded to CIT Bank. The OneWest Holding Co., IMB, will be merged into CIT Group Inc. The potential closing date is slated for the 1st or 2nd quarter of 2015

(b)(4), (5) & (8) The new management structure of CIT Group Inc. will consist of John Thain (CEO), Steven Mnuchin³ (Vice Chairman), Joseph Otting⁴ (Co-President), and Nelson Chai (Co-President). Note, John Thain and Steven Mnuchin previously worked together at Goldman Sachs.

(b)(4), (5) & (8)

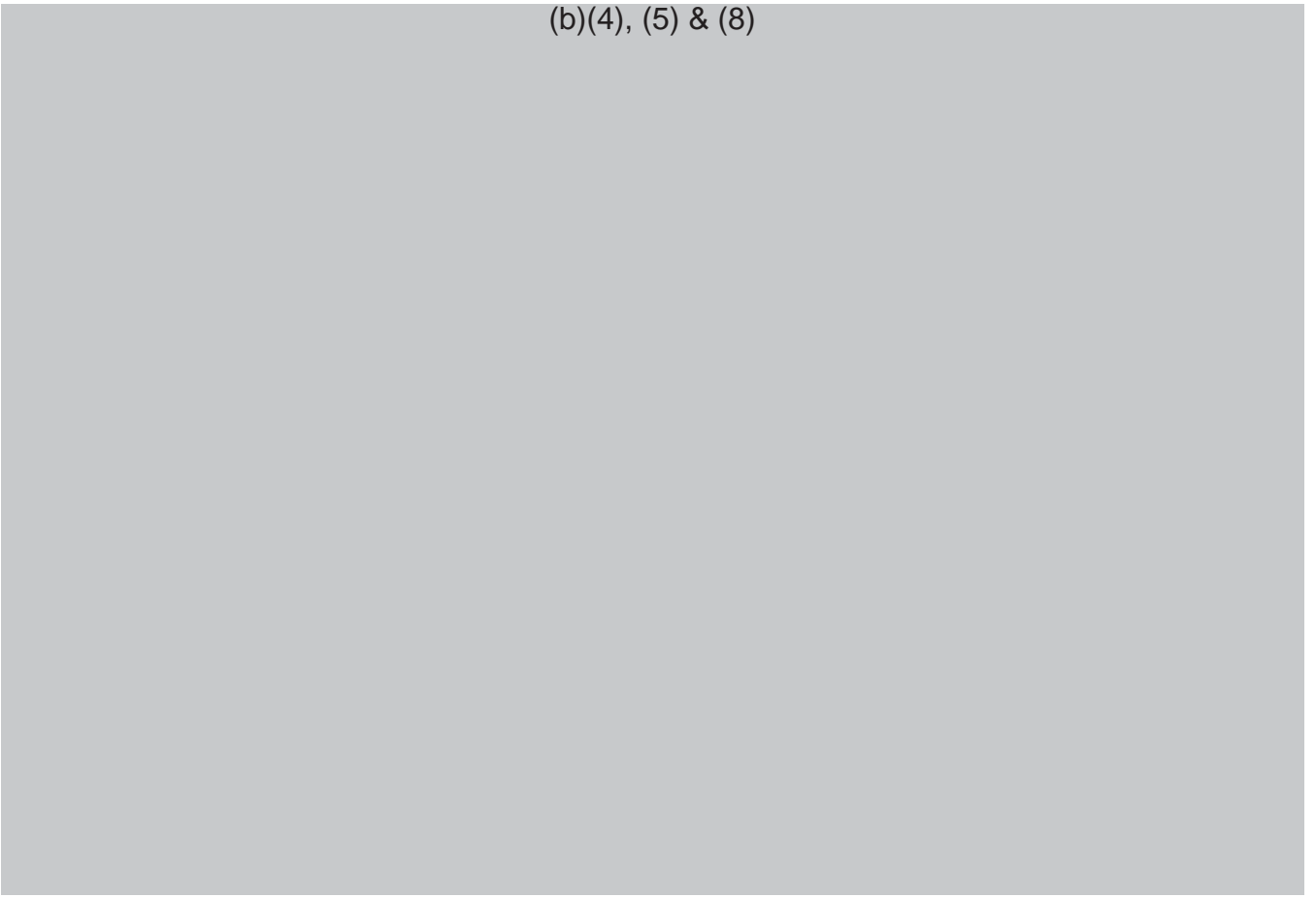
¹ OneWest is a privately held company founded in 2009, with the Indy Mac acquisition, and is wholly owned by seven initial investors (Paulson & Co., JC Flowers, Stone Point Capital, MSD Capital, Soros Fund Management, American Capital Partners, Silar and Management).

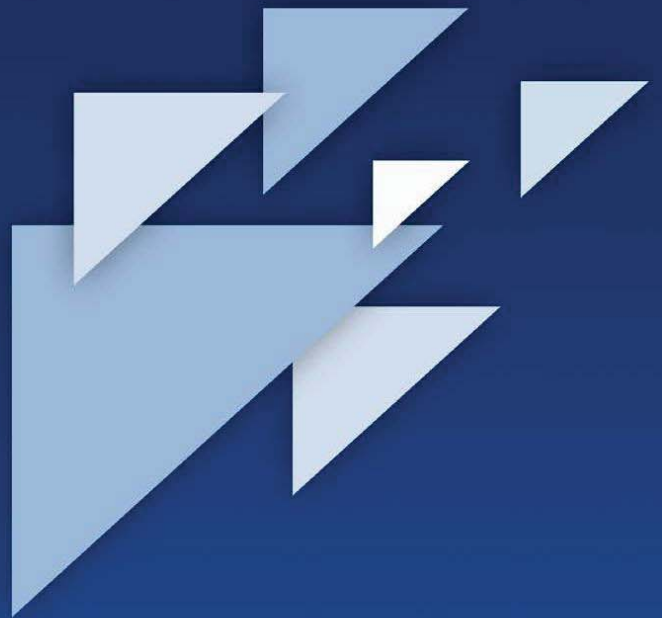
² (b)(5)

³ Steven Mnuchin is the Chairman and CEO of OneWest Bank Group. Mr. Mnuchin is also Chairman and Chief Executive Officer of Dune Capital Management LP, a private investment firm and he has served in that capacity since September 2004.

⁴ Joseph Otting is President, Chief Executive Officer and a member of the Board of OneWest Bank, FSB. Prior to joining One West Bank in October 2010, Joseph served as Vice Chairman of U.S. Bancorp, where he managed the Commercial Bank Group and served on the Bancorp's managing committee.

(b)(4), (5) & (8)





Acquisition of OneWest

Creating a Commercial Bank for the Middle Market

July 22, 2014

Duplicate Copy of the 28-page investor presentation attached to the July 22, 2014 Email at 8:37am (above). The attachment is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

From: [Melissa Vanouse](#)
To: [Peggy Naulty](#)
Date: Wednesday, July 23, 2014 1:36 PM
Subject: RE: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal -FRSONLY-

Not Responsive -refers to an entirely unrelated application; also (b)(5).

Not Responsive -refers to an entirely unrelated application; also (b)(5).

I know we had discussed that you would cover CIT, but, since it hasn't come in yet, Not Responsive -refers to entirely unrelated application; also (b)(5).

Appreciate it,

Melissa

-----Original Message-----

From: Peggy Naulty

Sent: Wednesday, July 23, 2014 11:19 AM

To: Melissa Vanouse

Subject: RE: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal -FRSONLY-

Am I also assigned to Not Responsive -refers to an entirely unrelated

-----Original Message-----

From: Melissa Vanouse

Sent: Wednesday, July 23, 2014 11:18 AM

To: CCA Bank Applications

Cc: Phyllis Harwell; Alison Thro; Katie Cox

Subject: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal

Article on CIT deal.

Given coverage on protested cases, Peggy and I discussed that she will be assigned to this.

http://www.americanbanker.com/issues/179_140/cits-thain-tackles-bankings-tough-questions-in-onewest-deal-1068905-1.html?utm_medium=email&ET=americanbanker%3Ae97638%3Aa%3A&utm_campaign=-jul%2022%202014&utm_source=newsletter&st=email

From: Nobles, Topaz J
Sent: Wednesday, July 23, 2014 2:49 PM
To: Cheatham, James
Subject: Update Acquisition Summary -FRSONLY-
Attachments: CIT Acquisition of OneWest.7.23.14.docx

Might want to read through one more time to make sure I captured everything before sending.

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

CIT announces intent purchase OneWest Bank

Background and Transaction

On July 22, 2014, after a long period of due diligence, CIT announced that it will pursue an acquisition of OneWest Bank¹. Prior to this announcement CIT met with the Federal Reserve Bank of New York on June 30th, and Board staff on July 1st to discuss the details of the transaction. CIT will acquire OneWest Bank at 1.2x tangible book value for \$3.4 billion consisting of 59% cash and 41% stock. OneWest Bank has 73 branches located across Southern California (b)(5)

(b)(5)
Following the merger the new company will carry approximately \$70 billion in assets, \$50 billion of which are loans, and \$30 billion in deposits.

From a structuring perspective, CIT Bank, headquartered in Utah, will merge into OneWest Bank but will be rebranded to CIT Bank. The OneWest Holding Co., IMB, will be merged into CIT Group Inc. The potential closing date is slated for the 1st or 2nd quarter of 2015 (b)(4), (5) & (8). The new management structure of CIT Group Inc. will consist of John Thain (CEO), Steven Mnuchin³ (Vice Chairman), Joseph Otting⁴ (Co-President), and Nelson Chai (Co-President). Note, John Thain and Steven Mnuchin previously worked together at Goldman Sachs.

(b)(4), (5) & (8)

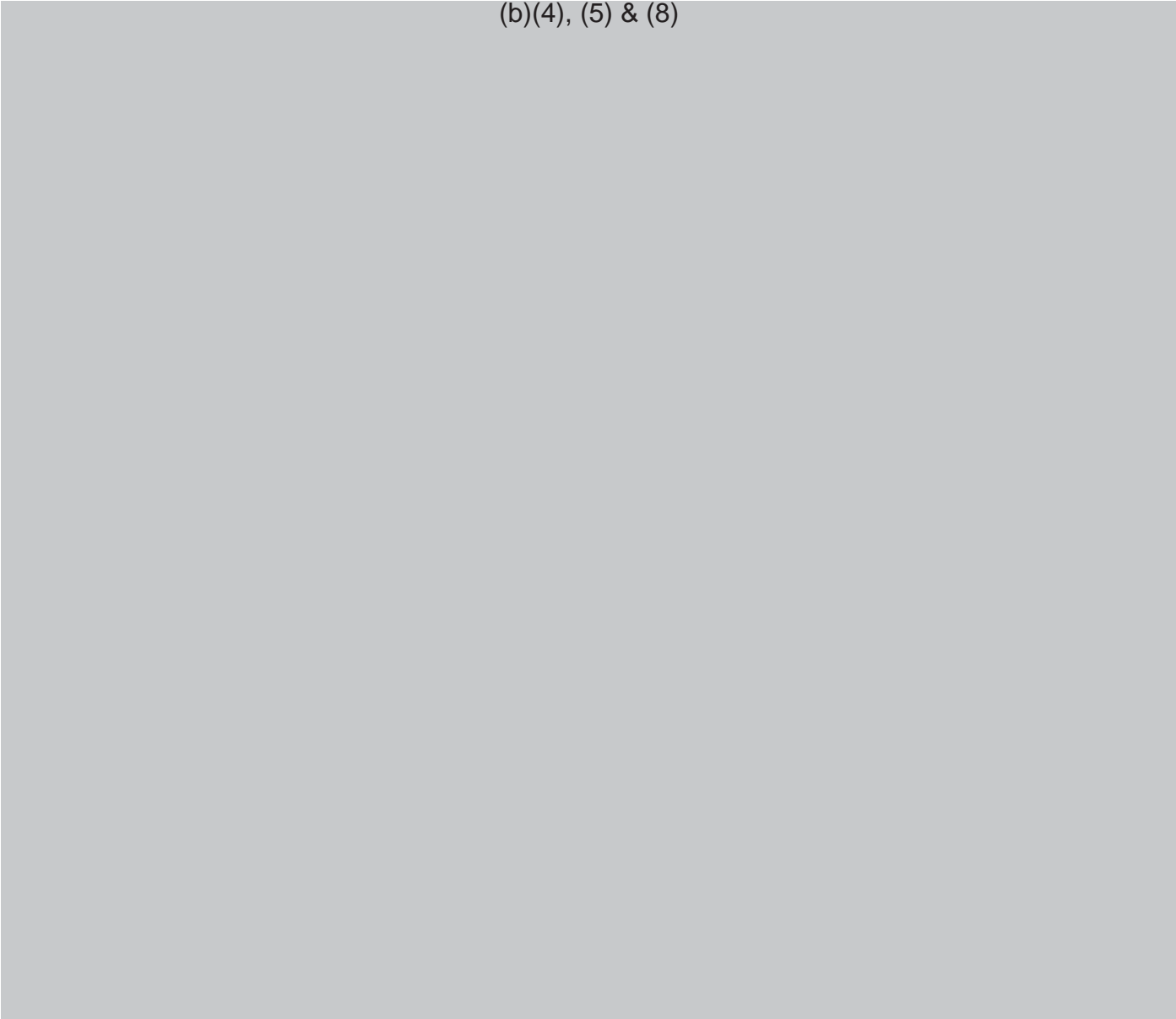
¹ OneWest is a privately held company founded in 2009, with the Indy Mac acquisition, and is wholly owned by seven initial investors (Paulson & Co., JC Flowers, Stone Point Capital, MSD Capital, Soros Fund Management, American Capital Partners, Silar and Management).

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³ Steven Mnuchin is the Chairman and CEO of OneWest Bank Group. Mr. Mnuchin is also Chairman and Chief Executive Officer of Dune Capital Management LP, a private investment firm and he has served in that capacity since September 2004.

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(b)(4), (5) & (8)



From: Nobles, Topaz J
Sent: Wednesday, July 23, 2014 2:50 PM
To: Cheatham, James
Subject: FW: OneWest Questions - Topaz would like to speak with Kelley
Attachments: Investor Presentation - OneWest.pdf

From Jackie...87% of the core/legacy portfolio is covered by the loss sharing agreement (b)(5)

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

From: jacqueline.mccauley@cit.com [mailto:jacqueline.mccauley@cit.com]
Sent: Wednesday, July 23, 2014 2:49 PM
To: Nobles, Topaz J
Subject: FW: OneWest Questions - Topaz would like to speak with Kelley

From page 5 / pdf slide 6

Loans

Total	\$14 billion
Legacy	\$8 billion (87% FDIC-covered)
Commercial	\$5 billion
Other	\$1 billion

 **Jacqueline P. McCauley, CIA, CISA** | Senior Vice President | Internal Audit | +1 973 740 5031 (tel) | jacqueline.mccauley@cit.com

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Loans

Total	\$14 billion
Legacy	\$8 billion (87% FDIC-covered)
Commercial	\$5 billion
Other	\$1 billion



Acquisition of OneWest

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July 22, 2014

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From: Nobles, Topaz J
Sent: Wednesday, July 23, 2014 3:34 PM
To: Cheatham, James
Subject: CIT Aquisition Summary -FRSONLY-
Attachments: CIT Acquisition of OneWest 7 23 14 FINAL.docx

Additional changes per your request.

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

Recap of CIT-OneWest Bank Acquisition

Background and Transaction

On July 22, 2014, after a long period of due diligence, CIT announced that it will pursue an acquisition of OneWest Bank¹. Prior to this announcement CIT met with the Federal Reserve Bank of New York on June 30th, and Board staff on July 1st to discuss the details of the transaction. CIT will acquire OneWest Bank at 1.2x tangible book value for \$3.4 billion consisting of 59% cash and 41% stock. OneWest Bank has 73 branches located across Southern California (b)(5)

(b)(5)

(b)(5) Following the merger the combined company will carry approximately \$70 billion in assets, \$50 billion of which are loans, and \$30 billion in deposits.

From a structuring perspective, CIT Bank will merge into OneWest Bank but will be rebranded to CIT Bank (b)(4) & (5). The OneWest Holding Co., IMB, will be merged into CIT Group Inc. The potential closing date is slated for the 1st or 2nd quarter of 2015 (b)(4), (5) & (8)

The new management structure of CIT Group Inc. will consist of John Thain (CEO), Steven Mnuchin³ (Vice Chairman), Joseph Otting⁴ (Co-President), and Nelson Chai (Co-President). Note, John Thain and Steven Mnuchin previously worked together at Goldman Sachs.

Rationale for Acquisition

(b)(4), (5) & (8)

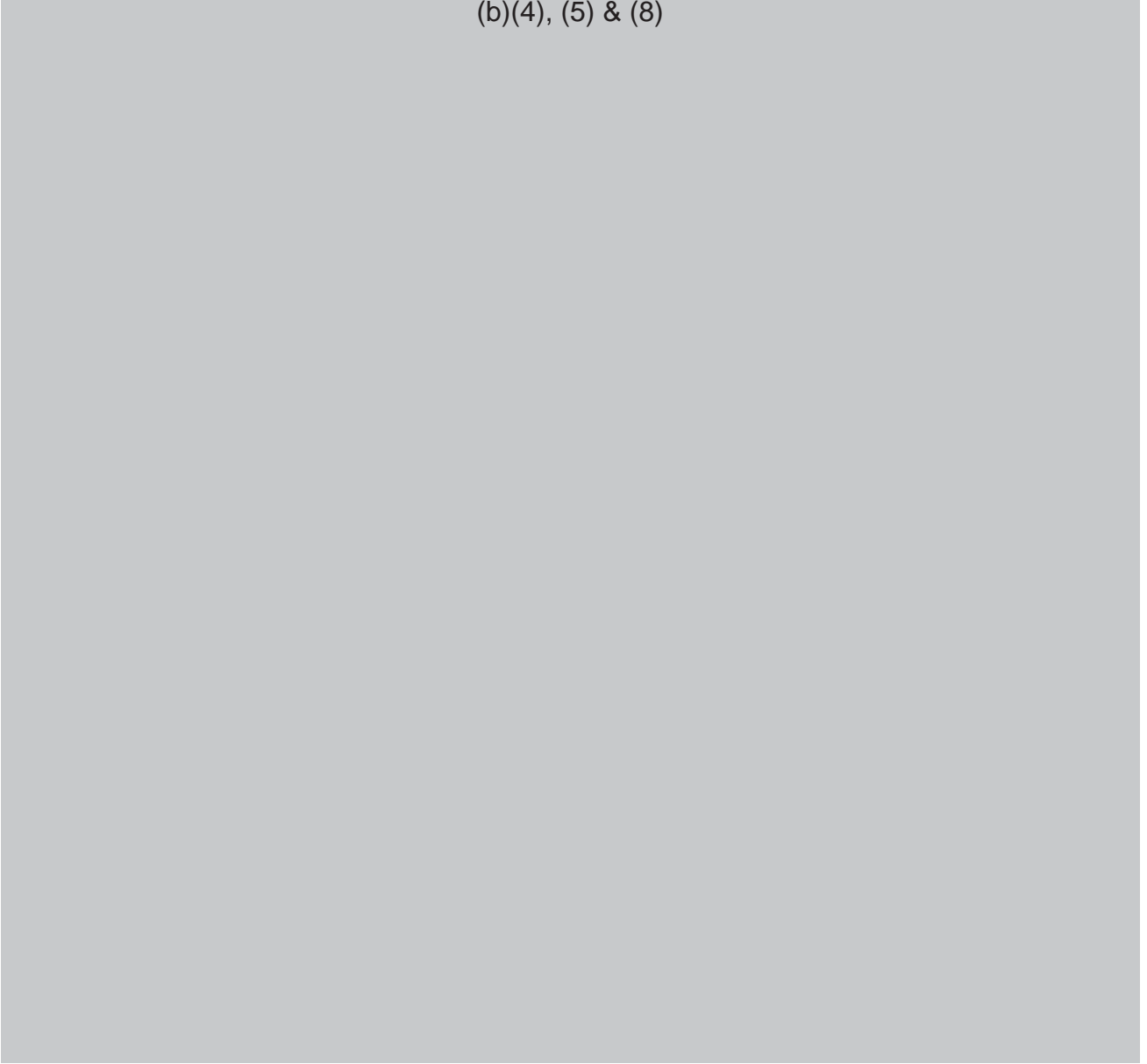
¹ OneWest is a privately held company founded in 2009, with the Indy Mac acquisition, and is wholly owned by seven initial investors (Paulson & Co., JC Flowers, Stone Point Capital, MSD Capital, Soros Fund Management, American Capital Partners, Silar and Management).

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(b)(4), (5) & (8)



From: Cheatham, James
Sent: Wednesday, July 23, 2014 4:17 PM
To: Dudley, William; Dahlgren, Sarah
Cc: Manzari, Steven J; Ricketti, John; Scinto, Renato; Uranga, Luis; Bergin, James P; Nobles, Topaz J
Subject: CIT/OneWest Transaction Recap -FRONLY-
Attachments: CIT Acquisition of OneWest Recap - 7- 23- 14.docx

RESTRICTED FR

Attached is the requested recap of the recently announced CIT acquisition of OneWest Bank.

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org

Recap of CIT-OneWest Bank Acquisition

Background and Transaction

On July 22, 2014, after a long period of due diligence, CIT Group announced that it will pursue an acquisition of OneWest Bank¹. Prior to this announcement CIT met with the Federal Reserve Bank of New York on June 30th, and Board staff on July 1st to discuss the details of the transaction. CIT will acquire OneWest Bank at 1.2x tangible book value for \$3.4 billion consisting of 59% cash and 41% stock. OneWest Bank has 73 branches located across Southern California (b)(5)

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(b)(5) Following the merger the combined company will carry approximately \$70 billion in assets, \$50 billion of which are loans, and \$30 billion in deposits.

From a structuring perspective, CIT Bank will merge into OneWest Bank but will be rebranded to CIT Bank (b)(4) & (5). The OneWest Holding Co., IMB, will be merged into CIT Group Inc. The potential closing date is slated for the 1st or 2nd quarter of 2015 (b)(4), (5) & (8)

(b)(4), (5) & (8). The new management structure of CIT Group Inc. will consist of John Thain (CEO), Steven Mnuchin³ (Vice Chairman), Joseph Otting⁴ (Co-President), and Nelson Chai (Co-President). Note, John Thain and Steven Mnuchin previously worked together at Goldman Sachs.

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² (b)(5)

³ Steven Mnuchin is the Chairman and CEO of OneWest Bank Group. Mr. Mnuchin is also Chairman and Chief Executive Officer of Dune Capital Management LP, a private investment firm and he has served in that capacity since September 2004.

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(b)(4), (5) & (8)



From: [Peggy Naulty](#)
To: [Phyllis Harwell](#)
Cc: [Melissa Vanouse](#); [Bill Sarvey](#)
Subject: RE: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal -FRSONLY-
Date: Wednesday, July 23, 2014 4:22:52 PM

Will do.

-----Original Message-----

From: Phyllis Harwell
Sent: Wednesday, July 23, 2014 3:44 PM
To: Peggy Naulty
Cc: Melissa Vanouse; Bill Sarvey
Subject: RE: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal -FRSONLY-

Peggy - please keep the Oversight analyst, Bill Sarvey, in the loop.

-----Original Message-----

From: Melissa Vanouse
Sent: Wednesday, July 23, 2014 11:18 AM
To: CCA Bank Applications
Cc: Phyllis Harwell; Alison Thro; Katie Cox
Subject: CIT s Thain Tackles Banking s Tough Questions in OneWest Deal

Article on CIT deal.

Given coverage on protested cases, Peggy and I discussed that she will be assigned to this.

http://www.americanbanker.com/issues/179_140/cits-thain-tackles-bankings-tough-questions-in-onewest-deal-1068905-1.html?utm_medium=email&ET=americanbanker%3Ae97638%3Aa%3A&utm_campaign=-jul%2022%202014&utm_source=newsletter&st=email

From: Melissa Clark
To: Jevon Gordon
Cc: Katie Cox; Michael Waldron; Peggy Naulty; Melissa Clark
Subject: ai questions that might be relevant for CIT/OneWest proposal (b)(5)
-FRSONLY-
Date: 4 4:41:05 PM
Attachments: (b)(5) [BoardAI RequestFINAL.docx](#)
(b)(5) [BoardAI RequestFINAL.doc](#)
[rdAI Request4.docx](#)

Jevon – (b)(5)
(b)(5)
(b)(5)

Attached are additional information requests for several of those proposals. Katie asked me to forward them to you (and Mike & Peggy) in the event you find them useful. Let me know if you have any questions. Melissa.

Three attachments (totaling 16 pages) withheld pursuant to exemption (b)(5)

From: jacqueline.mccaulley@cit.com
Sent: Thursday, July 24, 2014 9:04 AM
To: Nobles, Topaz J
Subject: S&P Final Press Release - Affirmed BB-; outlook remains positive
Attachments: S&P CIT Press Release July 23 2014.pdf

Topaz –

S&P Press Release.

Also, I forgot to mention that I am in NYC today too.

Thanks

Jackie



Jacqueline P. McCaulley, CIA, CISA
Senior Vice President
Internal Audit

+1 973 740 5031 (tel)

jacqueline.mccaulley@cit.com

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Livingston, NJ 07039
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Research Update:

CIT Group Inc. 'BB-' Long-Term Rating Affirmed On Acquisition Of OneWest Bank; Outlook Remains Positive

Primary Credit Analyst:

Brendan Browne, CFA, New York (1) 212-438-7399; brendan.browne@standardandpoors.com

Secondary Contact:

Kevin Cole, CFA, New York (1) 212-438-3818; kevin.cole@standardandpoors.com

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Research Update:

CIT Group Inc. 'BB-' Long-Term Rating Affirmed On Acquisition Of OneWest Bank; Outlook Remains Positive

Overview

- CIT's planned acquisition of OneWest Bank would improve CIT's deposit funding, earnings, and diversification and likely place the company under enhanced regulation as a domestic systemically important financial institution.
- The integration and strategic risks that the large acquisition poses, and the resulting reduction in CIT's capital ratios, partially work against the positive attributes of the transaction.
- We are affirming our 'BB-/B' long- and short-term issuer credit ratings on CIT.
- The positive outlook reflects continuing improvements to CIT's business, funding, and earnings, as well as possible benefits to its business model from the proposed acquisition of OneWest.

Rating Action

On July 23, 2014, Standard & Poor's Ratings Services affirmed its 'BB-' long-term issuer credit rating and its 'B' short-term issuer credit rating on CIT Group Inc. We also affirmed our 'BB-' ratings on CIT's senior unsecured debt. The outlook is positive.

Rationale

In our view, CIT's planned acquisition of IMB Holdco LLC, the parent of Pasadena, CA-based OneWest Bank N.A., will likely notably improve CIT's credit profile—even though it will weaken the company's robust capital and will come with integration and strategic risks and uncertainties. As a result, we are affirming our ratings on the company and its debt and maintaining our positive outlook.

We will further assess the acquisition's impact on CIT's franchise stability, funding strength, and asset quality, among other factors, over the coming months. We will also analyze management's strategies for aspects such as business mix, loan growth, and risk and capital management. The acquisition is scheduled to close sometime in the first half of 2015, pending regulatory approvals.

We believe that CIT's acquisition of the \$23 billion-asset OneWest would create a sizeable financial institution with nearly \$70 billion in assets.

Importantly, the acquisition would provide CIT with a retail branch franchise that should help enhance its funding diversity and stability. Mainly through its 73 branches in California, OneWest had \$15 billion in deposits as of June 30, 2014. Pro forma for the transaction, CIT's deposits would represent 57% of its funding, up from 44% currently, and would likely rise further. Although OneWest's deposits costs are somewhat higher than peers, they are meaningfully lower than CIT's funding costs. We also expect OneWest's growing commercial banking franchise to add some diversification to CIT's midmarket lending strategy.

Also, given its increased size, regulators will likely consider CIT a domestic systemically important financial institution (SIFI) and subject it to even more stringent regulation than currently. We would look favorably on the additional oversight.

Formed in the midst of the financial crisis by a group of private equity investors, OneWest purchased the assets of the failed IndyMac in 2009. It followed that acquisition with other acquisitions of California failed institutions, all of which it acquired under loss-sharing agreements with the FDIC.

Since its inception, OneWest has worked to establish a commercial banking operation--while the legacy residential real estate assets it acquired from the FDIC gradually run off. Its commercial loans made up about one-third of its loans as of June 30, 2014, and are rising. We believe those loans and other commercial banking activities complement CIT's core midmarket lending business.

OneWest also currently has virtually no nonaccrual or loans more than 90 days past due and a fairly modest amount of foreclosed real estate that loss-sharing agreements didn't cover.

Tempering our positive view of the transaction, the partially debt-funded acquisition would lead to a sharp reduction in CIT's currently high regulatory capital ratios and pose integration and regulatory risks, particularly given OneWest's substantial size (roughly one-third of the combined entity's assets). Like CIT, OneWest is a bank that has been undergoing a transformation and continues to face strategic challenges. CIT will face challenges not only in integrating the bank but also in continuing to build out OneWest's franchise.

CIT will pay \$3.4 billion--59% in cash and 41% in stock. It will fund the cash portion of the transaction by issuing between \$1.5 billion and \$2 billion in new debt. As a result, we expect CIT's Tier 1 risk-based capital ratio to fall to about 12.5%-13.0% from the 16% it reported at June 30, 2014. We view negatively the company's announcement that it plans to repurchase an additional \$500 million in stock.

Outlook

Our positive outlook on our rating on CIT reflects the ongoing improvements to the company's funding, earnings, and risk management. Over the next year, we expect the company--even beyond the OneWest transaction--to continue to grow the deposits and assets of CIT Bank, reduce expenses, and maintain its currently low level of nonperforming assets.

We could raise our rating on the company if it continues to improve its own franchise, and if we believe it will successfully acquire and integrate OneWest. CIT has taken steps to grow earnings by reducing funding costs and operating expenses and through organic asset growth. We would look favorably on higher earnings--particularly if they did not result from any reduction in credit standards. Any upgrade will also be contingent on a more full assessment of OneWest's strengths and weaknesses.

While less likely, we could lower the rating if, after a more substantial assessment of OneWest, we believe the acquisition will result in a significantly more aggressive and risky financial profile--one with weaker capital and liquidity and higher credit risk.

Related Criteria And Research

Related Criteria

- Group Rating Methodology, Nov. 19, 2013
- Rating Finance Companies, March 18, 2004

Related Research

CIT Group Inc., May 12, 2014

Ratings List

Ratings Affirmed

CIT Group Inc.	
Issuer Credit Rating	BB-/Positive/B
Senior Unsecured	BB-

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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From: karen.foulin@cit.com
Sent: Thursday, July 24, 2014 11:18 AM
To: Cheatham, James
Cc: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Guo, Cindy; Mendes, Tunde; Kindler, Zev; jacqueline.mccaulley@cit.com; natalie.vail@cit.com
Subject: S&P Final Press Release - Affirmed BB-; outlook remains positive
Attachments: S&P CIT Press Release July 23 2014.pdf

Jim-

Attached is S&P CIT Press Release.

Regards,

Karen

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RatingsDirect®

Research Update:

CIT Group Inc. 'BB-' Long-Term Rating Affirmed On Acquisition Of OneWest Bank; Outlook Remains Positive

Primary Credit Analyst:

Brendan Browne, CFA, New York (1) 212-438-7399; brendan.browne@standardandpoors.com

Secondary Contact:

Kevin Cole, CFA, New York (1) 212-438-3818; kevin.cole@standardandpoors.com

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Duplicate Copy of the 5-page S&P RatingsDirect Research Update attached to the July 24, 2014 Email at 9:04am (above).

From: Jevon Gordon
Sent: Thursday, July 24, 2014 4:42 PM
To: Katie Cox; Michael Sexton
Subject: FW: CIT/IMB Transaction-FRONLY-

FYI

From: Michael Lipman
Sent: Thursday, July 24, 2014 4:31 PM
To: James Cheatham (FRS); Andre Quezada (FRS); Jevon Gordon
Subject: FW: CIT/IMB Transaction-FRONLY-

Looks like CIT merger application will be filed on Aug 28.

From: Rebecca Fiorito
Sent: Thursday, July 24, 2014 4:27 PM
To: Michael Lipman
Subject: FW: CIT/IMB Transaction-FRONLY-

FYI -

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Thursday, July 24, 2014 3:48 PM
To: Lee Kapos (FRS); Rebecca Fiorito
Cc: John Dzus (FRS); Kwabena Acheampong (FRS); Raymond Sander (FRS); Clifton Williams (FRS)
Subject: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

Lee/Rebecca:

I learned from management that the application for the merger of CIT and IMB will be filed with the FRBNY – HC piece and the OCC – bank piece on August 28, 2014.

Thanks,
Gloria

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation

950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobile: (b)(6) | ✉: gloria.hoskins@sf.frb.org

Alison Thro

From: Katie Cox
Sent: Thursday, July 24, 2014 4:51 PM
To: Alison Thro; Michael Waldron
Subject: Fw: CIT/IMB Transaction-FRONLY-

Katie Cox
Manager, Domestic Banking Acquisitions and Activities
Board of Governors of the Federal Reserve System
Washington, DC 20551
202-452-2721
katie.s.cox@frb.gov

From: Jevon Gordon
Sent: Thursday, July 24, 2014 04:41 PM
To: Katie Cox; Michael Sexton
Subject: FW: CIT/IMB Transaction-FRONLY-

FYI

From: Michael Lipman
Sent: Thursday, July 24, 2014 4:31 PM
To: James Cheatham (FRS); Andre Quezada (FRS); Jevon Gordon
Subject: FW: CIT/IMB Transaction-FRONLY-

Duplicate Email Captured in Email Chain on July 24, 2014 at 4:42pm (above).

From: Rebecca Fiorito
Sent: Thursday, July 24, 2014 4:27 PM
To: Michael Lipman
Subject: FW: CIT/IMB Transaction-FRONLY-

FYI -

Rebecca Fiorito
Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Thursday, July 24, 2014 3:48 PM
To: Lee Kapos (FRS); Rebecca Fiorito
Cc: John Dzus (FRS); Kwabena Acheampong (FRS); Raymond Sander (FRS); Clifton Williams (FRS)
Subject: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

Lee/Rebecca:

Duplicate Email Captured in Email Chain on July 24, 2014 at 4:42pm (above).

From: [James Cheatham \(FRS\)](#)
To: [Michael Lipman](#)
Cc: [John Ricketti \(FRS\)](#); [Topaz J Nobles \(FRS\)](#); [Ivan Hurwitz \(FRS\)](#)
Subject: Re: CIT/IMB Transaction-FRSONLY-
Date: Thursday, July 24, 2014 4:51:48 PM

Thanks Mike.

James Cheatham

Supervisory Manager

CIT On-Site Team

FRBNY - 212-720-1343

Berry - (b)(6)

Email: james.cheatham@ny.frb.org

From: Michael Lipman [<mailto:michael.s.lipman@frb.gov>]
Sent: Thursday, July 24, 2014 04:30 PM
To: Cheatham, James; Quezada, Andre; Gordon, Jevon (Board)
Subject: FW: CIT/IMB Transaction-FRSONLY-

Duplicate Email Captured in Email Chain on July 24, 2014
at 4:42pm (above).

From: Rebecca Fiorito
Sent: Thursday, July 24, 2014 4:27 PM
To: Michael Lipman
Subject: FW: CIT/IMB Transaction-FRSONLY-

FYI -

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation
Board of Governors of the Federal Reserve System, Washington, D.C. 20551
office: 202.452.3160 | cell: (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Thursday, July 24, 2014 3:48 PM
To: Lee Kapos (FRS); Rebecca Fiorito
Cc: John Dzus (FRS); Kwabena Acheampong (FRS); Raymond Sander (FRS); Clifton Williams (FRS)
Subject: CIT/IMB Transaction-FRSONLY-

RESTRICTED FR

Lee/Rebecca:

Duplicate Email Captured in Email Chain on July 24, 2014 at 4:42pm (above).



From: Hurwitz, Ivan
Sent: Thursday, July 24, 2014 5:31 PM
To: Steffey, Brian; Bae, Philip
Subject: FW: CIT/IMB Transaction-FRSONLY-

RESTRICTED FR

Fyi

Also, if you haven't done so already, I'd suggest creating a placeholder in AMPS and loading their presentation materials and other materials they've submitted so far into E-Apps and transferring the case to the Board. That way, Board staff can think about assigning someone now.

From: Cheatham, James
Sent: Thursday, July 24, 2014 4:52 PM
To: Lipman, Michael S (Board)
Cc: Ricketti, John; Nobles, Topaz J; Hurwitz, Ivan
Subject: Re: CIT/IMB Transaction-FRSONLY-

Thanks Mike.

James Cheatham

Supervisory Manager

CIT On-Site Team

FRBNY - 212-720-1343

Berry (b)(6)

Email: james.cheatham@ny.frb.org

From: Michael Lipman [<mailto:michael.s.lipman@frb.gov>]
Sent: Thursday, July 24, 2014 04:30 PM
To: Cheatham, James; Quezada, Andre; Gordon, Jevon (Board)
Subject: FW: CIT/IMB Transaction-FRSONLY-

Duplicate Email Captured in Email Chain on July 24, 2014 at 4:42pm (above).

From: Rebecca Fiorito
Sent: Thursday, July 24, 2014 4:27 PM
To: Michael Lipman
Subject: FW: CIT/IMB Transaction-FRSONLY-

FYI -

Rebecca Fiorito

Financial Analyst | Regional Banking Organizations | Banking Supervision & Regulation

Board of Governors of the Federal Reserve System, Washington, D.C. 20551

office: 202.452.3160 | cell (b)(6) | e-mail: Rebecca.Fiorito@frb.gov

From: Gloria Hoskins (FRS)
Sent: Thursday, July 24, 2014 3:48 PM
To: Lee Kapos (FRS); Rebecca Fiorito
Cc: John Dzus (FRS); Kwabena Acheampong (FRS); Raymond Sander (FRS); Clifton Williams (FRS)
Subject: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

Duplicate Email Captured in Email Chain on July 24, 2014 at 4:42pm (above).

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | 📞: 213-683-2751 | Mobile (b)(6) | ✉: gloria.hoskins@sf.frb.org

From: [Melissa Vanouse](#)
To: [CCA Bank Applications](#)
Subject: FW: July Executive Summary Report: Updates due by August 4 - FRSONLY- -FRSONLY-
Date: Friday, July 25, 2014 12:04:55 PM
Attachments: [7-9-14 Report to SK and DCCA Director.docx](#)

Hi, team,

Per below, we will need to submit a new monthly report for Suzanne, similar to that which we prepared last month.

For all team members, by Monday COB, please send me any topics that you think that should be included in the general Applications section (either way, please send me an email with your idea, or indicating if nothing comes to mind); [Not Responsive -refers to an entirely unrelated application; also (b)(5)].
[REDACTED]. **Once we agree on topics to highlight, please provide the write-up by Wednesday at noon.**

For the other topics, Lisa, if you can provide an update on the ops review by Wednesday COB, that'd be helpful is well. [Not Responsive -refers to an entirely unrelated matter; also (b)(5)].
[REDACTED].

Please review the running project list as well and let me know if there are other items you'd like to highlight. I am confirming the deadline for the next project plan currently; I recall it's the first Friday of the month for final compilation, which would be next Friday (hence the prior Tuesday it goes to me), but I will confirm and let you all know. It might make sense to update this and the project plan in tandem, as there is overlap, so I'll let you know.

Thanks!

From: Carole Valentine
Sent: Friday, July 25, 2014 11:16 AM
To: Tracy Anderson; Tim Robertson; Melissa Vanouse
Subject: July Executive Summary Report: Updates due by August 4 - FRSONLY- -FRSONLY-

Tracy, Tim, and Melissa,

I have attached last month's Executive Summary Report. Please update your sections and return them to me by **August 4**. [Not Responsive -refers to an entirely unrelated matter; also (b)(5)].
[REDACTED]
[REDACTED]

Per Phyllis' email of July 9, our goal is to keep the report brief, so we can submit a 2-4 page document to Suzanne.

The final July Executive Summary Report will also include a list of System meetings that you or your

teams are attending as an attachment. Please include your meetings in your response.

Thank you for your assistance,

Carole A. Valentine
Supervisory Consumer Financial Services Analyst
Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve
202-736-5501
(b)(6) (Blackberry)

RESTRICTED FR

DATE: July 9, 2014

TO: Suzanne Killian

FROM: Phyllis Harwell

CC: Melissa Vanouse
Tim Robertson
Tracy Anderson

SUBJECT: June 2014 Management Report

Introduction

The Applications, Reserve Bank Oversight, and Supervision Administration teams of the Consumer Compliance Supervision Branch are providing this monthly report (b)(5). In some instances, references may be made to additional information that has been reported in the monthly DCCA Initiatives report that is provided to the Governors.

Applications¹

Not Responsive -refers to an entirely unrelated application; also (b)(5).

On July 1, DCCA staff joined Legal, Research and BS&R representatives for a session with CIT and One West about their proposed merger. Since this proposal is the first transaction since the passage of the Dodd-Frank Act that will create an institution with over \$50 billion in assets, financial stability and competitive considerations will (b)(5).

Reserve Bank Programs Not Responsive -refers to an entirely unrelated matter; also (b)(5).

Not Responsive -refers to an entirely unrelated matter; also (b)(5).

¹ For a listing of pending protested cases, please see the latest monthly DCCA Initiatives report to the Governors.

Not Responsive -refers to an entirely unrelated matter; also (b)(5).

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Not Responsive -refers to an entirely unrelated matter; also (b)(5).

Not Responsive -refers to an entirely unrelated matter; also (b)(5).

Not Responsive -refers to an entirely unrelated matter; also (b)(5).

Operations Reviews

Not Responsive -refers to an entirely unrelated matter; also (b)(5).



Not Responsive -refers to an entirely unrelated matter; also (b)(5).



Not Responsive -refers to an entirely unrelated matter; also (b)(5).



Not Responsive -refers to an entirely unrelated matter; also (b)(5).



From: jacqueline.mccaulley@cit.com
Sent: Friday, July 25, 2014 12:21 PM
To: Cheatham, James; Nobles, Topaz J
Cc: Quezada, Andre
Subject: Rating Agencies - Reaction to OneWest Transaction and Earnings
Attachments: CIT - URP PR - 23 July 2014 As Published.pdf; S&P CIT Press Release July 23 2014.pdf; CIT PR.PDF

Jim and Topaz –

(b)(4) & (8)

Best regards,

Jackie



Jacqueline P. McCaulley, CIA, CISA
Senior Vice President
Internal Audit

+1 973 740 5031 (tel)

jacqueline.mccaulley@cit.com

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Livingston, NJ 07039
www.cit.com

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-----Original Message-----

From: Ingato, Robert
Sent: Thursday, July 24, 2014 10:57 PM Eastern Standard Time
To: (b)(4) & (6)

Cc: Parker, Scott; Kaufman, Israel; Seufert, Linda
Subject: Rating Agencies - Reaction to OneWest Transaction and Earnings

Regards,

Bob



Robert J. Ingato
EVP, General Counsel
Corporate

+1 973 740 5664 (tel)
Robert.Ingato@cit.com

One CIT Drive
Livingston, NJ 07039
www.cit.com



Date of Release: July 23, 2014

DBRS Places CIT Under Review with Positive Implications Following OneWest Acquisition Announcement

Industry: Fin.Svc.--Non-Bank Financials

DBRS, Inc. (DBRS) has today placed the ratings of CIT Group Inc. (CIT or the Company), including its Issuer Rating of BB, Under Review with Positive Implications. Today's rating action follows the Company's announcement that it has agreed to acquire OneWest Bank, N.A. (OneWest), a regional bank with approximately \$23 billion in assets, for \$3.4 billion in cash and common stock. Subject to customary regulatory approvals, the transaction is expected to close in 1H15.

The Under Review with Positive Implications reflects DBRS's view that the acquisition makes strategic sense for CIT, as it enhances CIT's strong commercial lending franchise, while providing an attractive branch banking franchise. As of June 30, 2014, OneWest had 73 branches in Southern California and \$15 billion of deposits, of which \$2.3 billion are commercial deposits. OneWest's commercial businesses are complementary to CIT's, strengthening the Company's west coast presence, as well as certain industries including communications and technology, power, entertainment, energy and private equity. Importantly, OneWest's cash management services provides CIT with products and services it previously was unable to offer its core commercial customers.

The Under Review with Positive Implications also considers that the acquisition will strengthen CIT's overall funding profile by providing the Company with access to core retail deposits. As a result, on a pro-forma basis, deposits will be 57% of CIT's total funding compared to 44% on a stand-alone basis at June 30, 2014, and 10% at year-end 2009. Moreover, CIT's deposits will become more diverse and its cost of funding will be reduced, supporting future earnings. Importantly, the acquisition is expected to be accretive to earnings in the first year after closing and assumes cost savings that DBRS considers as clearly attainable. DBRS views the acquisition as having no immediate impact on CIT's overall solid risk profile given that 67% of OneWest's \$9.0 billion legacy portfolio benefits from FDIC loss sharing agreements through 2020. While all acquisitions include a degree of integration risk, DBRS sees integration risks as manageable, as CIT will maintain OneWest's existing branch network and infrastructure.

DBRS notes that with the closing of the acquisition CIT will have approximately \$67 billion in assets and, as a result, become a systemically important financial institution (SIFI) subject to the Fed's annual Comprehensive Capital Analysis and Review (CCAR) tests. While CIT has indicated that a

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certain degree of investment will be required to meet the regulatory requirements of a SIFI, DBRS views CIT as appropriately positioned to meet these requirements and considers the additional investments as manageable. Further, CIT expects upon closing of the acquisition that its Basel I Tier 1 common ratio will be in the range of 12.5% to 13.0%, well above regulatory requirements.

The review will focus on CIT's future capital retention plans and the impact of the acquisition on CIT's funding strategy and liquidity planning. Nevertheless, DBRS expects that CIT will continue to hold capital levels at the higher end of its peer group. During the review, DBRS will also assess the overall earnings impact of the acquisition, including the ability of CIT to capitalize on OneWest's cash management services to improve fee income generation. Moreover, DBRS will review the OneWest commercial lending portfolio, which is to a degree unseasoned, to determine if performance expectations should differ from those of the CIT originated portfolio due to differences in credit underwriting. DBRS expects to conclude the review upon the transaction receiving regulatory approval.

The ratings of CIT's Revolving Credit Facility (the Facility) remain at BBB (low), Stable trend as based on DBRS policy, the notching up from the Issuer Rating is limited to BBB (low) and, as such, the Issuer Ratings and Facility ratings potentially could converge to this rating level.

Notes:

All figures are in U.S. dollars unless otherwise noted.

The principal applicable methodology is Rating Finance Companies Operating in the United States (May 2008). Other applicable methodologies include Global Methodology for Rating Banks and Banking Organisations (June 2014) and DBRS Criteria: Support Assessments for Banks and Banking Organisations (January 2014). These methodologies can be found at: <http://www.dbrs.com/about/methodologies>

The primary sources of information used for this rating include company documents and SNL Financial. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

This rating is endorsed by DBRS Ratings Limited for use in the European Union.

Lead Analyst: David Laterza

Rating Committee Chair: Roger Lister

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Initial Rating Date: 17 May 2010

Most Recent Rating Update: 17 December 2012

For additional information on this rating, please refer to the linking document under Related Research.

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
CIT Group Inc.	Issuer Rating	Under Review - Positive	BB	--	Jul 23, 2014
CIT Group Inc.	Unsecured Long-Term Debt	Under Review - Positive	BB	--	Jul 23, 2014
CIT Group Inc.	Series C Notes	Under Review - Positive	BB	--	Jul 23, 2014
CIT Group Inc.	CIT Senior Unsecured Notes	Under Review - Positive	BB	--	Jul 23, 2014
CIT Group Inc.	Short-Term Instruments	Under Review - Positive	R-4	--	Jul 23, 2014

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

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Rating Action: Moody's reviews CIT's Ba3 senior unsecured ratings for downgrade; affirms Ba3 corporate family rating

Global Credit Research - 22 Jul 2014

New York, July 22, 2014 -- Moody's Investors Service has placed CIT Group Inc's Ba3 senior unsecured debt and senior unsecured bank credit facility ratings on review for possible downgrade. In addition, Moody's affirmed CIT's Ba3 corporate family rating with a stable outlook. The rating actions follow the company's announcement that it has entered into an agreement to acquire OneWest Bank for \$3.4 billion.

RATINGS RATIONALE

The review for possible downgrade of CIT's senior debt ratings is due to the increased structural subordination expected to result from the company's acquisition of OneWest. At closing, CIT estimates that assets in CIT Bank, the company's wholly owned bank subsidiary, will increase to approximately 61% of consolidated assets from 41% as of Q2 2014. The transition of a higher proportion of CIT's earning assets into the bank will result in parent company creditors having weaker earning asset coverage than the bank's creditors -- and Moody's expects this trend will continue. Additionally, the holding company's earnings and assets could be used by the parent to support the bank should it become necessary in the future. A positive aspect of the acquisition-related growth in deposits and shift of earning assets into the bank is that it will further diversify and lower CIT's cost of funding.

Moody's affirmation of CIT's Ba3 corporate family rating with a stable outlook is due to the overall credit neutral aspects of the pending acquisition. The acquisition will strengthen CIT's funding profile and provide the bank with additional commercial banking products to enable it to serve cash management and borrowing needs of both existing and new clients. CIT will also have increased regulatory scrutiny because it will cross the \$50 billion in assets threshold, requiring that the company adhere to regulators' capital stress testing regime, which Moody's views as an additional credit positive. Offsetting these positives are the risks presented by OneWest's commercial and legacy loan portfolios and the uncertain resilience of its deposit franchise, including to a change in interest rates and competitive pressures. In addition, OneWest's commercial lending business and commercial deposits have both grown very rapidly over the last several years that could indicate a greater risk appetite as it sought to replace legacy asset runoff with new earning assets.

The principal methodology used in this rating was Finance Company Global Rating Methodology published in March 2012. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

OneWest is a privately owned regional bank that operates 73 retail branches in Southern California, with \$23 billion in assets and \$15 billion in deposits. At closing, which CIT estimates will occur in the first half of 2015 subject to regulatory approvals, CIT Bank will merge into OneWest Bank and retain the CIT Bank name. Combined, CIT is expected to have assets of approximately \$67 billion and deposits of approximately \$28 billion.

CIT Group Inc. is a bank holding company primarily focused on serving the small business and middle market sectors with headquarters in New York City and Livingston, New Jersey.

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For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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RatingsDirect®

Research Update:

CIT Group Inc. 'BB-' Long-Term Rating Affirmed On Acquisition Of OneWest Bank; Outlook Remains Positive

Primary Credit Analyst:

Brendan Browne, CFA, New York (1) 212-438-7399; brendan.browne@standardandpoors.com

Secondary Contact:

Kevin Cole, CFA, New York (1) 212-438-3818; kevin.cole@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Duplicate Copy of the 5-page S&P RatingsDirect Research Update
attached to the July 24, 2014 Email at 9:04am (above).

From: Whidbee, Robin
Sent: Monday, July 28, 2014 11:01 AM
To: Bae, Philip
Cc: McCune, Crystall
Subject: RE: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

Crystall handles CIT.

From: Bae, Philip
Sent: Friday, July 25, 2014 2:02 PM
To: Whidbee, Robin
Subject: FW: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

[Fyi, I created this placeholder in Amps: 89659. We expect the filing to arrive in late Aug. 2014.](#)

From: Bae, Philip
Sent: Friday, July 25, 2014 10:22 AM
To: Whidbee, Robin
Subject: FW: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

[Hi Robin,](#)

[Could you pls let me know which ACRU member will be assigned to the upcoming CIT filing to assist with the case transfer and documents uploading? Thanks.](#)

[Pb](#)

From: Hurwitz, Ivan
Sent: Thursday, July 24, 2014 5:31 PM
To: Steffey, Brian; Bae, Philip
Subject: FW: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

[Duplicate of July 24, 2014 Email at 5:31pm \(above\).](#)

From: [Bae, Philip](#)
To: [McCune, Crystall](#)
Subject: FW: Carbon / Oxygen Follow-Up Requests -FRSONLY-
Date: Monday, July 28, 2014 11:15:08 AM
Attachments: [OneWest Bank Summary and Qualitative Assessment.pdf](#)
[2013 EST Results for DFAST Submission.pdf](#)

Duplicate Copies of the 2 Attachments (totaling 88 pages) attached to the July 14, 2014 Email at 11:45am (above).

RESTRICTED FR

Attached are additional documents for uploading.

From: Quezada, Andre
Sent: Monday, July 14, 2014 9:29 AM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J; Steffey, Brian; Bae, Philip
Cc: Hurwitz, Ivan; Lipman, Michael S (Board)
Subject: FW: Carbon / Oxygen Follow-Up Requests

Duplicate Email Captured in the July 14, 2014 Email Chain at 11:45am (above).

Duplicate Email Captured in the July 14, 2014 Email Chain at 11:45am (above).

From: Whidbee, Robin
Sent: Monday, July 28, 2014 11:43 AM
To: Bae, Philip
Subject: RE: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

I think I replied Crystall.

From: Bae, Philip
Sent: Friday, July 25, 2014 10:22 AM
To: Whidbee, Robin
Subject: FW: CIT/IMB Transaction-FRONLY-

RESTRICTED FR

Duplicate Email Captured in the Email Chain on July 28, 2014 at 11:01am (above).

From: Hurwitz, Ivan
Sent: Thursday, July 24, 2014 5:31 PM
To: Steffey, Brian; Bae, Philip
Subject: FW: CIT/IMB Transaction-FRONLY-

Duplicate Email Captured in the Email Chain on July 28, 2014 at 11:01am (above).

From: [Bae, Philip](#)
To: [McCune, Crystall](#)
Subject: Carbon / Oxygen Follow-Up Requests -FRSONLY-
Date: Monday, July 28, 2014 1:17:33 PM
Attachments:

[10a. First Federal Bank P&A and Loss Share.pdf](#)
[10b. La Jolla P&A and Loss Share.pdf](#)
[10c. 65 - IndyMac Group 5 Shared Loss Agreement.pdf](#)
[10d. 45 - Term Sheet for Shared-Loss and Participation Interest in Unfunded Commitments of Reverse Mortgage Loans.pdf](#)
[Reg Updates for SIFIs over 50bn 070814 v3.pptx](#)

Duplicate Copies of the 5 attachments
(totalling 313) to the July 9, 2014 Email
Chain at 3:28pm (above).

From: Nobles, Topaz J
Sent: Wednesday, July 09, 2014 3:24 PM
To: Hurwitz, Ivan; Lipman, Michael S (Board)
Subject: FW: Carbon / Oxygen Follow-Up Requests

Attached please find additional detail pertaining to CIT's Carbon/Oxygen presentation to the Federal Reserve. We will ensure you are cc'd on further correspondence.

Duplicate Email Captured in the July 9, 2014 Email Chain at 3:28pm (above).

From: Cheatham, James
Sent: Monday, July 28, 2014 2:37 PM
To: Adedoyin, Mobolaji
Subject: -FRSONLY-OneWest Acq.
Attachments: # COMPLETE DILIGENT BINDER - 7-15-2014 Board Meeting.pdf; OneWest acquisition deck from 7-22-14 analyst meeting.pdf; Core Portfolios Carbon_July_2014_Update.pdf; 04B-4 - 2014-04-10 Project Driver -- Draft regulatory presentation.pdf; 04B-2 - Driver Tab 2 421203_1.pptx; 04B-1 - Project Driver Business Overview and Key Insights_FINAL.pdf

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org

The attachment titled "Complete Diligent Binder - 7-15-2014 Board Meeting.pdf" (231 pages) is a duplicate copy of the attachment to the July 22, 2014 Email at 9:29am (above).

The attachment titled "OneWest acquisition deck from 7-22-2014 meeting.pdf" (28 pages) is a duplicate copy of the Investor Presentation attached to the July 22, 2014 Email at 8:37am (above), and it is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

The attachment titled "Core Portfolios Carbon_July_2014_Update.pdf" (38 pages) has been withheld in full pursuant to exemptions 4 & 8.

The attachment titled "04B-1 - Project Driver Business Overview and Key Insights_FINAL.pdf" (totaling 8 pages) has been withheld in full pursuant to exemptions 4 and 8.

The attachment titled "04B-2 - Driver Tab 2 421203_1.pptx" (42 pages) has been withheld in full pursuant to exemptions 4 & 8.

The attachment titled "04B-4 - 2014-04-10 Project Driver -- Draft regulatory presentation.pdf" (48 pages) has been withheld in full pursuant to exemptions 4 & 8.

From: Cheatham, James
Sent: Monday, July 28, 2014 3:02 PM
To: Quezada, Andre; Nobles, Topaz J
Subject: FW: -FRSONLY-CIT's OneWest acquisition
Attachments: # COMPLETE DILIGENT BINDER - 7-15-2014 Board Meeting.pdf; OneWest acquisition deck from 7-22-14 analyst meeting.pdf; Core Portfolios Carbon_July_2014_Update.pdf

FYI, sent the attached out to those below so everyone will be on the same page. I sent Mo this info and you two already have this.

From: Cheatham, James
Sent: Monday, July 28, 2014 2:54 PM
To: Kindler, Zev (Zev.Kindler@ny.frb.org); Guo, Cindy; Mendes, Tunde; Grunwald, Aviva
Subject: -FRSONLY-CIT's OneWest acquisition

Just wanted to make sure those on the team and the risk groups who work with us have the OneWest acquisition info. At some point we may be asking you for your input on this transaction. The Board meeting file includes 231 pages of info from their recent Board meeting but beginning on page 75 (look at the page counter at top of file) there is info pertaining to the acquisition (this was the info presented to the FRBNY when they came in to meet with us on June 30th. I also included the deck they prepared for the 2nd Qtr. meeting with analyst last week pertaining to the acquisition. The core portfolios were just sent to us today.

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)

(b)(6) (BB)
james.cheatham@ny.frb.org

The attachment titled "Complete Diligent Binder - 7-15-2014 Board Meeting.pdf" (231 pages) is a duplicate copy of the attachment to the July 22, 2014 Email at 9:29am (above).

The attachment titled "OneWest acquisition deck from 7-22-2014 meeting.pdf" (28 pages) is a duplicate copy of the Investor Presentation attached to the July 22, 2014 Email at 8:37am (above), and it is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

The attachment titled "Core Portfolios Carbon_July_2014_Update.pdf" (38 pages) is a duplicate copy of an attachment to the July 28, 2014 email at 2:37pm (above).

Accordingly, these three attachments (totaling 297 pages) have been withheld as duplicative.

From: [Peggy Naulty](#)
To: [Melissa Vanouse](#)
Subject: AB lead article on CIT/OneWest -FRSONLY-
Date: Wednesday, July 30, 2014 8:27:02 AM

http://www.americanbanker.com/issues/179_145/cit-onewest-deal-shows-value-of-core-funding-1069074-1.html?utm_campaign=daily%20briefing-jul%2030%202014&utm_medium=email&utm_source=newsletter&ET=americanbanker%3Ae2874384%3A1146713a%3A&st=email

Peggy Naulty
Banking Applications Section
Consumer Compliance Supervision Branch
Division of Consumer and Community Affairs
Board of Governors
(202) 452-2088

From: [Andrew Hartlage](#)
To: [Alison Thro](#)
Subject: Re: CIT-IMB Holdco acquisition -FRSONLY-
Date: Wednesday, July 30, 2014 10:38:45 AM

Dear Alison, I am very interested in working on this case. Thank you.

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:35 AM Eastern Standard Time
To: Banking-Regulation-Group
Subject: CIT-IMB Holdco acquisition -FRSONLY-

We've just received a section 3 application by CIT to acquire OneWest (the former Indymac bank), for a transaction that will result in the first organization since the DFA to cross the \$50 billion threshold. The case is here on concurrent review, (b)(5)
(b)(5) I am looking for volunteers to work on the case. I need one reviewer and two attorneys. Please let me know today if you are interested in taking on this assignment. Thanks. --Alison

From: [Alison Thro](#)
To: [Bao Nguyen](#)
Cc: [Adam Cohen](#)
Subject: RE: CIT -FRSONLY-
Date: Wednesday, July 30, 2014 10:40:19 AM

That would be awesome!!!!

(b)(5)

Thank you!

From: Bao Nguyen
Sent: Wednesday, July 30, 2014 10:38 AM
To: Alison Thro
Cc: Adam Cohen
Subject: CIT -FRSONLY-

Alison,

Adam and I would like to volunteer. I know I am leaving for the wedding but would like to do the work if possible.

Thanks

Alison Thro

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:42 AM
To: James Chen
Subject: RE: CIT-IMB Holdco acquisition -FRSONLY-

I'd love to have you help out on this. Bao, Adam, and Andrew are going to handle the case, and I'll ask them to get you the application materials and otherwise loop you in. Thanks! --Alison

From: James Chen
Sent: Wednesday, July 30, 2014 10:39 AM
To: Alison Thro
Subject: RE: CIT-IMB Holdco acquisition -FRSONLY-

Hi Alison,

I would love to help out the attorney(s) on this. I am actually quite familiar with CIT Group from the past and this sounds quite interesting.

Although I don't know if me being in London 8/1-8/5 is an issue with this timing?

But would love to help out!

Thanks,
Jim

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:35 AM
To: Banking-Regulation-Group
Subject: CIT-IMB Holdco acquisition -FRSONLY-

Duplicate Email Captured in Email Chain on July 30, 2014 at 10:38am (above).

Alison Thro

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:44 AM
To: Joe Carapiet
Subject: RE: CIT-IMB Holdco acquisition -FRSONLY-

You are definitely conflicted out on this one! ☺ I'll get you looped in to another large transaction soon. Thanks. --Alison

From: Joe Carapiet
Sent: Wednesday, July 30, 2014 10:42 AM
To: Alison Thro
Subject: RE: CIT-IMB Holdco acquisition -FRSONLY-

Hi Alison, Hope you are well. Still would love to work on a larger acquisition like this one at some point, but almost certainly am conflicted out of this one (CIT was a client of mine at S&C/believe S&C is regulatory counsel to CIT and OneWest on this transaction). Best, Joe

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:35 AM
To: Banking-Regulation-Group
Subject: CIT-IMB Holdco acquisition -FRSONLY-

Duplicate Email Captured in Email Chain on July 30, 2014 at 10:38am (above).

From: [Alison Thro](#)
To: [Banking-Regulation-Group](#)
Subject: CIT-OneWest -FRSONLY-
Date: Wednesday, July 30, 2014 10:45:12 AM

Thanks to everyone who volunteered to help out on this case! I've got it staffed. Thank you!
😊

From: [Alison Thro](#)
To: [Bao Nguyen](#); [Adam Cohen](#); [Andrew Hartlage](#); [James Chen](#)
Subject: RE: CIT -FRSONLY-
Date: Wednesday, July 30, 2014 10:47:25 AM

Okay, thanks to all of you for volunteering to help out on the case. I really appreciate your interest and quick response! I'll assign you, Bao, Andrew, and Adam, through E-Apps, and I'd appreciate it if you would get the application materials to Jim, who will assist with the case. Thanks, again! --Alison

From: Bao Nguyen
Sent: Wednesday, July 30, 2014 10:38 AM
To: Alison Thro
Cc: Adam Cohen
Subject: CIT -FRSONLY-

Alison,

Adam and I would like to volunteer. I know I am leaving for the wedding but would like to do the work if possible.

Thanks

From: [Bao Nguyen](#)
To: [Andrew Hartlage](#); [Adam Cohen](#)
Subject: RE: CIT -FRSONLY-
Date: Wednesday, July 30, 2014 10:50:45 AM

You two are my dream teammates (maybe other than Scott Tkcaz).

From: Andrew Hartlage
Sent: Wednesday, July 30, 2014 10:49 AM
To: Bao Nguyen; Adam Cohen
Subject: Fw: CIT -FRSONLY-

Great to be working with you gentlemen.

From: Alison Thro
Sent: Wednesday, July 30, 2014 10:47 AM Eastern Standard Time
To: Bao Nguyen; Adam Cohen; Andrew Hartlage; James Chen
Subject: RE: CIT -FRSONLY-

Okay, thanks to all of you for volunteering to help out on the case. I really appreciate your interest and quick response! I'll assign you, Bao, Andrew, and Adam, through E-Apps, and I'd appreciate it if you would get the application materials to Jim, who will assist with the case. Thanks, again! --Alison

From: Bao Nguyen
Sent: Wednesday, July 30, 2014 10:38 AM
To: Alison Thro
Cc: Adam Cohen
Subject: CIT -FRSONLY-

Alison,

Adam and I would like to volunteer. I know I am leaving for the wedding but would like to do the work if possible.

Thanks

From: Fergus, Troy E
Sent: Thursday, July 31, 2014 12:32 PM
To: Sarvey, Bill J (Board) (bill.sarvey@frb.gov)
Subject: -FRSONLY- CIT Quarterly Monitoring Report
Attachments: CIT Group 2nd Qtr Continuous Monitoring Memo.docx

Bill,

The CIT quarterly report is attached.

Thanks

Troy Fergus
Financial Institution Supervision Group
Federal Reserve Bank of New York
Troy.Fergus@ny.frb.org
Office Phone: 212 720 5596

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

MEMORANDUM		RESTRICTED FR
DATE	7/31/2014	
TO	Bill Sarvey	
FROM	Troy Fergus	
SUBJECT	2nd Quarter 2014 Continuous Monitoring (CIT Group)	

(b)(8)



(b)(8)



From: [Alison Thro](#)
To: [Bao Nguyen](#); [Andrew Hartlage](#); [Adam Cohen](#)
Subject: FW: Follow-up -- FW: financial stability questions -FRSONLY-
Date: Thursday, July 31, 2014 12:49:37 PM

Apropos, we think, to the CIT-OneWest merger...

From: Andrew Cohen
Sent: Thursday, July 31, 2014 11:00 AM
To: Jessica Stahl; Alison Thro; Pam Nardolilli
Cc: Jacob Gramlich
Subject: RE: Follow-up -- FW: financial stability questions -FRSONLY-

(b)(5)

Andrew Cohen
Chief, Financial Structure Section
Division of Research and Statistics
Federal Reserve Board
Washington, DC 20551
202-452-2612 (office)

From: Jessica Stahl
Sent: Thursday, July 31, 2014 10:36 AM
To: Alison Thro; Pam Nardolilli
Cc: Andrew Cohen; Jacob Gramlich
Subject: Follow-up -- FW: financial stability questions -FRSONLY-

Alison and Pam,

I see that Jake just looped you in re: a question from a Wachtell lawyer. Just to give you full information, below was my reply to Jake (sent at the same time that he sent his email to you).

Thanks,
Jessica

From: Jessica Stahl
Sent: Thursday, July 31, 2014 10:34 AM
To: Jacob Gramlich
Cc: Andrew Cohen
Subject: RE: financial stability questions -FRSONLY-

(b)(5)

(b)(5)

(b)(5)

From: Jacob Gramlich
Sent: Tuesday, July 29, 2014 4:15 PM
To: Jessica Stahl
Cc: Andrew Cohen
Subject: financial stability questions

Jessica (or Andrew),

When applicants file with us and are providing data for the financial stability screen, do they need to report data on all their non-banking activities? Or just the activities where the two parties overlap (i.e. where both parties are active)?

This question comes from a lawyer from Wachtel Lipton who is preparing to file this summer and was trying to get their data ready. He noted that the OCC only requires data and information for overlap markets, while he seems to recall that in the M&T matter the FED wanted all the parties' info for all non-banking activities, overlap or not. So he was calling to understand the current nature of our data requests.

Thanks,
Jake

Jacob Gramlich
Economist
Federal Reserve Board of Governors
<http://www.federalreserve.gov/econresdata/jacob-p-gramlich.htm>

From: [Alison Thro](#)
To: [Bao Nguyen](#); [Andrew Hartlage](#); [Adam Cohen](#)
Subject: FW: Follow-up -- FW: financial stability questions -FRSONLY-
Date: Thursday, July 31, 2014 12:53:04 PM

More on CIT-OneWest

From: Jessica Stahl
Sent: Thursday, July 31, 2014 10:36 AM
To: Alison Thro; Pam Nardolilli
Cc: Andrew Cohen; Jacob Gramlich
Subject: Follow-up -- FW: financial stability questions -FRSONLY-

Alison and Pam,

I see that Jake just looped you in re: a question from a Wachtell lawyer. Just to give you full information, below was my reply to Jake (sent at the same time that he sent his email to you).

Thanks,
Jessica

From: Jessica Stahl
Sent: Thursday, July 31, 2014 10:34 AM
To: Jacob Gramlich
Cc: Andrew Cohen
Subject: RE: financial stability questions -FRSONLY-

Duplicate Email Captured in the Email Chain on July 31, 2014 at 12:49pm (above).



From: Jacob Gramlich
Sent: Tuesday, July 29, 2014 4:15 PM
To: Jessica Stahl
Cc: Andrew Cohen
Subject: financial stability questions

Duplicate Email Captured in the Email Chain on July 31, 2014 at 12:49pm (above).



Duplicate Email Captured in the Email Chain on July 31, 2014 at 12:49pm (above).

From: Cheatham, James
Sent: Friday, August 01, 2014 12:20 PM
To: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Guo, Cindy; Kindler, Zev; Yun, Ruth; Mendes, Tunde; Fergus, Troy E
Subject: -FRSONLY-CIT OneWest acquisition
Attachments: OneWest acquisition deck from 7-22-14 analyst meeting.pdf; # COMPLETE DILIGENT BINDER - 7-15-2014 Board Meeting.pdf

As you know by now CIT is in the process of acquiring OneWest Bank, a \$22 billion Pasadena, CA based bank with 75 branches in Southern California. Some of you have received information on the deal but I know others have not so I have attached a CIT Board report (pages 75 to 145 of the counter at the top of the file) with information on the deal and a presentation given to analyst at last week's earnings call. CIT will be submitting their applications to our Applications Group during the last week of August. After submission there will be several requests from Applications to the team for follow up questions to be presented to the bank. With this in mind please review the attached info over the next two to three weeks to become familiar with the deal and so you will be in a position to provide pertinent questions to the firm. When the application is submitted we will provide it to you for further review. If you have questions please give me a call. Thanks for your help in advance and I hope you all have had or will have a nice vacation during the summer. Jim

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org

The attachment titled "Complete Diligent Binder - 7-15-2014 Board Meeting.pdf" (231 pages) is a duplicate copy of the attachment to the July 22, 2014 Email at 9:29am (above). The attachment titled "OneWest acquisition deck from 7-22-2014 analyst meeting.pdf" (28 pages) is a duplicate copy of the Investor Presentation attached to the July 22, 2014 Email at 8:37am (above), and it is also publicly available here: <http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820> Accordingly, the two attachments (totaling 259 pages) have been withheld as duplicative.

From: [Phyllis Harwell](#)
To: [Suzanne Killian](#)
Subject: FW: For your review: Draft case call notes -FRSONLY-
Date: Monday, August 04, 2014 12:15:16 PM

RESTRICTED FR

Fyi

From: Melissa Vanouse
Sent: Monday, August 4, 2014 12:10 PM
To: Phyllis Harwell; Peggy Naulty; Anthony Iwuji; Charles Fleet
Cc: Lisa Joire
Subject: FW: For your review: Draft case call notes -FRSONLY-

Thanks, Lisa, for these notes from today's call:

Briefing Scheduling

Not Responsive -refers to entirely unrelated applications; also (b)(5)

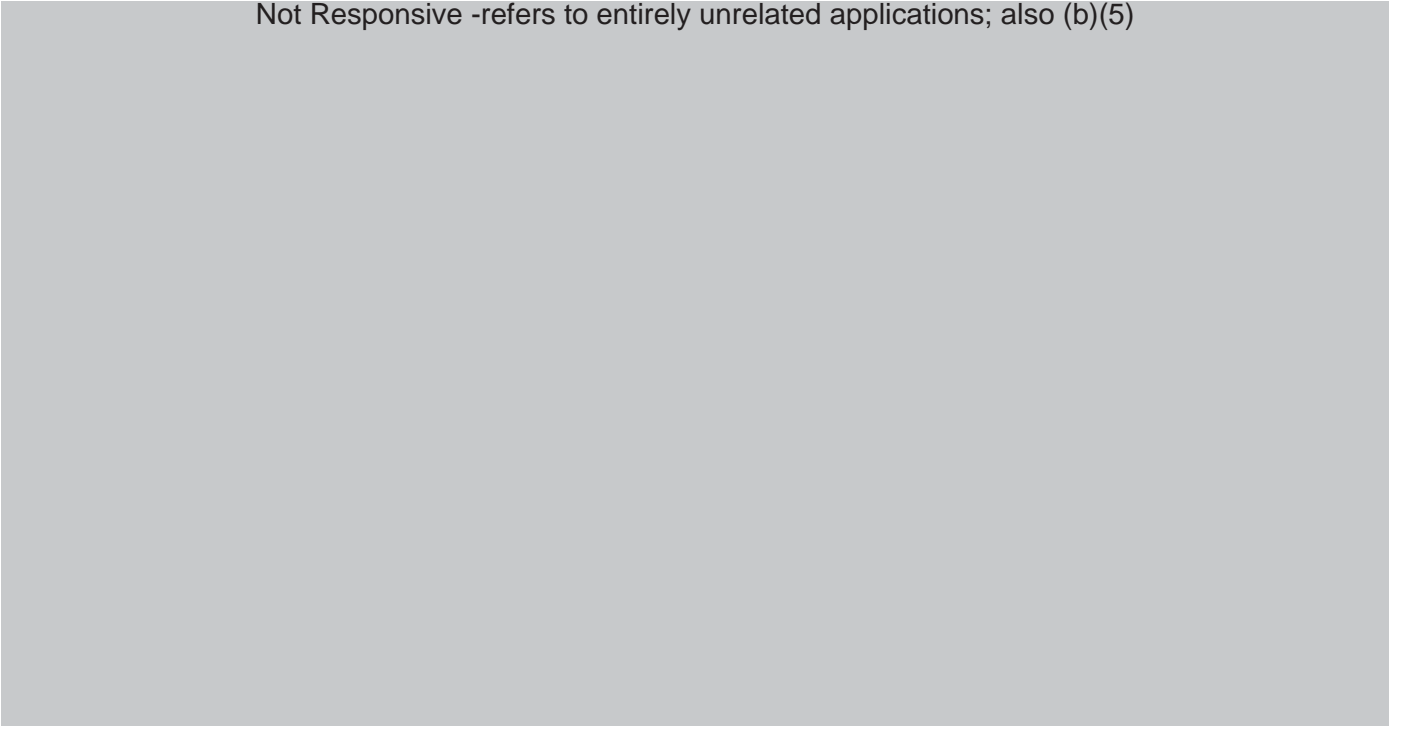
New Application

CIT application has been filed (b)(5). DCCA will be assigned now because application will be Board Action due to financial stability; the resulting merged institution will exceed \$50 billion in assets and will be subject to enhanced prudential standards (b)(5)

Current Applications

Not Responsive -refers to entirely unrelated applications; also (b)(5)

Not Responsive -refers to entirely unrelated applications; also (b)(5)



+++++

Lisa Joire
Applications Section
Consumer Compliance Supervision Branch
Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System
(202) 785-6036
lisa.joire@frb.gov

Not Responsive -refers to an entirely unrelated application; also (b)(5)

Not Responsive -refers to an entirely unrelated application; also (b)(5)

Thanks,
Melissa

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Melissa.A.Vanouse@frb.gov

W: 202.452.3488

C: (b)(6)

From: [Michael Lipman](#)
To: [Keith Coughlin](#); [James Cheatham \(FRS\)](#); [Andre Quezada \(FRS\)](#); [Topaz J Nobles \(FRS\)](#); [Celeste Molleur](#)
Cc: [David Palmer](#)
Subject: RE: Capital Plan - OneWest -FRSONLY-
Date: Wednesday, August 06, 2014 8:40:02 AM
Attachments: [CFR-2012-title12-vol3-sec225-8.pdf](#)

Over \$50B, the rule says:

- (i) With total consolidated assets greater than or equal to \$50 billion computed on the basis of the average of the company's total consolidated assets over the course of the previous four calendar quarters, as reflected on the bank holding company's consolidated financial statement for bank holding companies (FR Y-9C (the calculation shall be effective as of the due date of the bank holding company's most recent FR Y-9C)) or
- (ii) That is subject to this section, in whole or in part, by order of the Board based on the institution's size, level of complexity, risk profile, scope of operations, or financial condition.

(b)(5) & (b)(8)

From: Keith Coughlin
Sent: Wednesday, August 06, 2014 7:37 AM
To: James Cheatham (FRS); Andre Quezada (FRS); Topaz J Nobles (FRS); Michael Lipman; Celeste Molleur
Cc: David Palmer
Subject: RE: Capital Plan - OneWest -FRSONLY-

All,

(b)(5) & (b)(8)

(b)(5) & (b)(8)

Hope this is helpful.

Keith Coughlin
Regional Banking Organizations
Banking Supervision and Regulation
Board of Governors of the Federal Reserve System
Phone: (202) 452 - 2056
Cell: (b)(6)

From: James Cheatham (FRS)
Sent: Friday, August 01, 2014 9:32 AM
To: Keith Coughlin
Cc: Andre Quezada (FRS); Topaz J Nobles (FRS); Michael Lipman
Subject: RE: Capital Plan - OneWest -FRSONLY-

(b)(5) & (b)(8)

Jim

From: Keith Coughlin [<mailto:keith.j.coughlin@frb.gov>]
Sent: Thursday, July 31, 2014 5:31 PM
To: Cheatham, James
Cc: Quezada, Andre; Nobles, Topaz J; Lipman, Michael S (Board)
Subject: RE: Capital Plan - OneWest -FRSONLY-

(b)(5) & (b)(8)

(b)(5) & (b)(8)

Keith Coughlin
Regional Banking Organizations
Banking Supervision and Regulation
Board of Governors of the Federal Reserve System
Phone: (202) 452 - 2056
Cell: (b)(6)

From: James Cheatham (FRS)
Sent: Thursday, July 31, 2014 4:55 PM
To: Keith Coughlin
Cc: Andre Quezada (FRS); Topaz J Nobles (FRS); Michael Lipman
Subject: FW: Capital Plan - OneWest

Keith, we received the question below from CIT pertaining to their (b)(4) & (8) submission and whether they should include OneWest in their projections. In case you didn't know CIT announced the acquisition of OneWest last week. (b)(5) & (b)(8)

Thanks - Jim

From: jacqueline.mccaulley@cit.com [<mailto:jacqueline.mccaulley@cit.com>]
Sent: Wednesday, July 30, 2014 4:03 PM
To: Cheatham, James; Nobles, Topaz J
Subject: FW: Capital Plan - OneWest

Jim and Topaz –

(b)(8)

(b)(8)

Can you provide any guidance in this area?

Thanks

Jackie



Jacqueline P. McCaulley, CIA, CISA | Senior Vice President | Internal Audit | +1 973 740 5031 (tel) |
jacqueline.mccaulley@cit.com

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(ii) An individual who is a citizen of a foreign country and is not resident in the United States.

(c) *Limitations on exceptions.* Any exception granted pursuant to this section shall terminate upon a finding by the Board that the arrangement is resulting in anti-competitive practices. The eligibility of a bank to operate under any exception granted pursuant to this section shall terminate upon a finding by the Board that its exercise of this authority is resulting in anti-competitive practices.

(d) *Extension of statute to electronic benefit transfer services.* A bank holding company or nonbank subsidiary of a bank holding company that provides electronic benefit transfer services shall be subject to the anti-tying restrictions applicable to such services set forth in section 7(i)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(11)).

(e) For purposes of this section, *bank* has the meaning given that term in section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971), but shall also include a United States branch, agency, or commercial lending company subsidiary of a foreign bank that is subject to section 106 pursuant to section 8(d) of the International Banking Act of 1978 (12 U.S.C. 3106(d)), and any company made subject to section 106 by section 4(f)(9) or 4(h) of the BHC Act.

§ 225.8 Capital planning.

(a) *Purpose.* This section establishes capital planning and prior notice and approval requirements for capital distributions by certain bank holding companies.

(b) *Scope and effective date.* (1) This section applies to every top-tier bank holding company domiciled in the United States:

(i) With total consolidated assets greater than or equal to \$50 billion computed on the basis of the average of the company's total consolidated assets over the course of the previous four calendar quarters, as reflected on the bank holding company's consolidated financial statement for bank holding companies (FR Y-9C (the calculation shall be effective as of the due date of the bank holding company's

most recent FR Y-9C required to be filed under 12 CFR 225.5(b))); or

(ii) That is subject to this section, in whole or in part, by order of the Board based on the institution's size, level of complexity, risk profile, scope of operations, or financial condition.

(2) Beginning on December 30, 2011, the provisions of this section shall apply to any bank holding company that is subject to this section pursuant to paragraph (b)(1) of this section, provided that:

(i) Until July 21, 2015, this section will not apply to any bank holding company subsidiary of a foreign banking organization that is currently relying on Supervision and Regulation Letter SR 01-01 issued by the Board (as in effect on May 19, 2010); and

(ii) A bank holding company that becomes subject to this section pursuant to paragraph (b)(1)(i) of this section after the 5th of January of a calendar year shall not be subject to the requirements of paragraphs (d)(1)(ii), (d)(4), and (f)(1)(iii) of this section until January 1 of the next calendar year.

(3) Nothing in this section shall limit the authority of the Federal Reserve to issue a capital directive or take any other supervisory or enforcement action, including action to address unsafe or unsound practices or conditions or violations of law.

(c) *Definitions.* For purposes of this section, the following definitions apply:

(1) *Capital action* means any issuance of a debt or equity capital instrument, any capital distribution, and any similar action that the Federal Reserve determines could impact a bank holding company's consolidated capital.

(2) *Capital distribution* means a redemption or repurchase of any debt or equity capital instrument, a payment of common or preferred stock dividends, a payment that may be temporarily or permanently suspended by the issuer on any instrument that is eligible for inclusion in the numerator of any minimum regulatory capital ratio, and any similar transaction that the Federal Reserve determines to be in substance a distribution of capital.

(3) *Capital plan* means a written presentation of a bank holding company's capital planning strategies and capital

§ 225.8

12 CFR Ch. II (1–12 Edition)

adequacy process that includes the mandatory elements set forth in paragraph (d)(2) of this section.

(4) *Capital policy* means a bank holding company's written assessment of the principles and guidelines used for capital planning, capital issuance, usage and distributions, including internal capital goals; the quantitative or qualitative guidelines for dividend and stock repurchases; the strategies for addressing potential capital shortfalls; and the internal governance procedures around capital policy principles and guidelines.

(5) *Minimum regulatory capital ratio* means any minimum regulatory capital ratio that the Federal Reserve may require of a bank holding company, by regulation or order, including the bank holding company's leverage ratio and tier 1 and total risk-based capital ratios as calculated under Appendices A, D, E, and G to this part (12 CFR part 225), or any successor regulation.

(6) *Planning horizon* means the period of at least nine quarters, beginning with the quarter preceding the quarter in which the bank holding company submits its capital plan, over which the relevant projections extend.

(7) *Tier 1 capital* has the same meaning as under Appendix A to this part or any successor regulation.

(8) *Tier 1 common capital* means tier 1 capital less the non-common elements of tier 1 capital, including perpetual preferred stock and related surplus, minority interest in subsidiaries, trust preferred securities and mandatory convertible preferred securities.

(9) *Tier 1 common ratio* means the ratio of a bank holding company's tier 1 common capital to total risk-weighted assets. This definition will remain in effect until the Board adopts an alternative *tier 1 common ratio* definition as a minimum regulatory capital ratio.

(10) *Total risk-weighted assets* has the same meaning as under Appendices A, E, and G to this part, or any successor regulation.

(d) *General requirements*—(1) *Annual capital planning*. (i) A bank holding company must develop and maintain a capital plan.

(ii) A bank holding company must submit its complete capital plan to the appropriate Reserve Bank and the

Board each year by the 5th of January, or such later date as directed by the Board or the appropriate Reserve Bank, after consultation with the Board.

(iii) The bank holding company's board of directors or a designated committee thereof must at least annually and prior to submission of the capital plan under paragraph (d)(1)(ii) of this section:

(A) Review the robustness of the bank holding company's process for assessing capital adequacy;

(B) Ensure that any deficiencies in the bank holding company's process for assessing capital adequacy are appropriately remedied; and

(C) Approve the bank holding company's capital plan.

(2) *Mandatory elements of capital plan*. A capital plan must contain at least the following elements:

(i) An assessment of the expected uses and sources of capital over the planning horizon that reflects the bank holding company's size, complexity, risk profile, and scope of operations, assuming both expected and stressful conditions, including:

(A) Estimates of projected revenues, losses, reserves, and pro forma capital levels, including any minimum regulatory capital ratios (for example, leverage, tier 1 risk-based, and total risk-based capital ratios) and any additional capital measures deemed relevant by the bank holding company, over the planning horizon under expected conditions and under a range of stressed scenarios, including any scenarios provided by the Federal Reserve and at least one stressed scenario developed by the bank holding company appropriate to its business model and portfolios;

(B) A calculation of the pro forma tier 1 common ratio over the planning horizon under expected conditions and under a range of stressed scenarios and discussion of how the company will maintain a pro forma tier 1 common ratio above 5 percent under expected conditions and the stressed scenarios required under paragraphs (d)(2)(i)(A) and (ii) of this section;

(C) A discussion of the results of any stress test required by law or regulation, and an explanation of how the

Federal Reserve System

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capital plan takes these results into account; and

(D) A description of all planned capital actions over the planning horizon.

(ii) A detailed description of the bank holding company's process for assessing capital adequacy, including:

(A) A discussion of how the bank holding company will, under expected and stressful conditions, maintain capital commensurate with its risks, maintain capital above the minimum regulatory capital ratios and above a tier 1 common ratio of 5 percent, and serve as a source of strength to its subsidiary depository institutions;

(B) A discussion of how the bank holding company will, under expected and stressful conditions, maintain sufficient capital to continue its operations by maintaining ready access to funding, meeting its obligations to creditors and other counterparties, and continuing to serve as a credit intermediary;

(iii) The bank holding company's capital policy; and

(iv) A discussion of any expected changes to the bank holding company's business plan that are likely to have a material impact on the firm's capital adequacy or liquidity.

(3) *Data collection.* Upon the request of the Board or appropriate Reserve Bank, the bank holding company shall provide the Federal Reserve with information regarding—

(i) The bank holding company's financial condition, including its capital;

(ii) The bank holding company's structure;

(iii) Amount and risk characteristics of the bank holding company's on- and off-balance sheet exposures, including exposures within the bank holding company's trading account, other trading-related exposures (such as counterparty-credit risk exposures) or other items sensitive to changes in market factors, including, as appropriate, information about the sensitivity of positions to changes in market rates and prices;

(iv) The bank holding company's relevant policies and procedures, including risk management policies and procedures;

(v) The bank holding company's liquidity profile and management; and

(vi) Any other relevant qualitative or quantitative information requested by the Board or the appropriate Reserve Bank to facilitate review of the bank holding company's capital plan under this section.

(4) *Re-submission of a capital plan.* (i) A bank holding company must update and re-submit its capital plan to the appropriate Reserve Bank within 30 calendar days of the occurrence of one of the following events:

(A) The bank holding company determines there has been or will be a material change in the bank holding company's risk profile, financial condition, or corporate structure since the bank holding company adopted the capital plan;

(B) The Board or the appropriate Reserve Bank objects to the capital plan; or

(C) The Board or the appropriate Reserve Bank, after consultation with the Board, directs the bank holding company in writing to revise and resubmit its capital plan for any of the following reasons:

(1) The capital plan is incomplete or the capital plan, or the bank holding company's internal capital adequacy process, contains material weaknesses;

(2) There has been or will likely be a material change in the bank holding company's risk profile (including a material change in its business strategy or any risk exposure), financial condition, or corporate structure;

(3) The stressed scenario(s) developed by the bank holding company is not appropriate to its business model and portfolios, or changes in financial markets or the macro-economic outlook that could have a material impact on a bank holding company's risk profile and financial condition require the use of updated scenarios; or

(4) The capital plan or the condition of the bank holding company raise any of the issues described in paragraph (e)(2)(ii) of this section.

(ii) The Board or the appropriate Reserve Bank, after consultation with the Board, may, at its discretion, extend the 30-day period in paragraph (d)(4)(i) of this section for up to an additional 60 calendar days.

(iii) Any updated capital plan must satisfy all the requirements of this section; however, a bank holding company may continue to rely on information submitted as part of a previously submitted capital plan to the extent that the information remains accurate and appropriate.

(e) *Review of capital plans by the Federal Reserve*—(1) *Considerations and inputs.* (i) The Board or the appropriate Reserve Bank, after consultation with the Board, will consider the following factors in reviewing a bank holding company's capital plan:

(A) The comprehensiveness of the capital plan, including the extent to which the analysis underlying the capital plan captures and addresses potential risks stemming from activities across the firm and the company's capital policy;

(B) The reasonableness of the bank holding company's assumptions and analysis underlying the capital plan and its methodologies for reviewing the robustness of its capital adequacy process; and

(C) The bank holding company's ability to maintain capital above each minimum regulatory capital ratio and above a tier 1 common ratio of 5 percent on a pro forma basis under expected and stressful conditions throughout the planning horizon, including but not limited to any stressed scenarios required under paragraphs (d)(2)(i)(A) and (ii) of this section.

(ii) The Board or the appropriate Reserve Bank, after consultation with the Board, will also consider the following information in reviewing a bank holding company's capital plan:

(A) Relevant supervisory information about the bank holding company and its subsidiaries;

(B) The bank holding company's regulatory and financial reports, as well as supporting data that would allow for an analysis of the bank holding company's loss, revenue, and reserve projections;

(C) As applicable, the Federal Reserve's own pro forma estimates of the firm's potential losses, revenues, reserves, and resulting capital adequacy under expected and stressful conditions, including but not limited to any stressed scenarios required under para-

graphs (d)(2)(i)(A) and (ii) of this section, as well as the results of any stress tests conducted by the bank holding company or the Federal Reserve; and

(D) Other information requested or required by the appropriate Reserve Bank or the Board, as well as any other information relevant, or related, to the bank holding company's capital adequacy.

(2) *Federal Reserve action on a capital plan.* (i) The Board or the appropriate Reserve Bank, after consultation with the Board, will object, in whole or in part, to the capital plan or provide the bank holding company with a notice of non-objection to the capital plan:

(A) By March 31 of the calendar year in which a capital plan was submitted pursuant to paragraph (d)(1)(ii) of this section, and

(B) By the date that is 75 calendar days after the date on which a capital plan was resubmitted pursuant to paragraph (d)(4) of this section.

(ii) The Board or the appropriate Reserve Bank, after consultation with the Board, may object to a capital plan if it determines that:

(A) The bank holding company has material unresolved supervisory issues, including but not limited to issues associated with its capital adequacy process;

(B) The assumptions and analysis underlying the bank holding company's capital plan, or the bank holding company's methodologies for reviewing the robustness of its capital adequacy process, are not reasonable or appropriate;

(C) The bank holding company has not demonstrated an ability to maintain capital above each minimum regulatory capital ratio and above a tier 1 common ratio of 5 percent, on a pro forma basis under expected and stressful conditions throughout the planning horizon; or

(D) The bank holding company's capital planning process or proposed capital distributions otherwise constitute an unsafe or unsound practice, or would violate any law, regulation, Board order, directive, or any condition imposed by, or written agreement with, the Board. In determining whether a capital plan or any proposed capital distribution would constitute an

Federal Reserve System

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unsafe or unsound practice, the appropriate Reserve Bank would consider whether the bank holding company is and would remain in sound financial condition after giving effect to the capital plan and all proposed capital distributions.

(iii) The Board or the appropriate Reserve Bank, after consultation with the Board, will notify the bank holding company in writing of the reasons for a decision to object to a capital plan.

(iv) If the Board or the appropriate Reserve Bank, after consultation with the Board, objects to a capital plan and until such time as the Board or the appropriate Reserve Bank, after consultation with the Board, issues a non-objection to the bank holding company's capital plan, the bank holding company may not make any capital distribution, other than those capital distributions with respect to which the Board or the appropriate Reserve Bank has indicated in writing its non-objection.

(3) *Request for reconsideration or hearing.* Within 10 calendar days of receipt of a notice of objection to a capital plan by the Board or the appropriate Reserve Bank:

(i) A bank holding company may submit a written request to the Board requesting reconsideration of the objection, including an explanation of why reconsideration should be granted. Within 10 calendar days of receipt of the bank holding company's request, the Board will notify the company of its decision to affirm or withdraw the objection to the bank holding company's capital plan or a specific capital distribution; or

(ii) As an alternative to paragraph (e)(3)(i) of this section, a bank holding company may submit a written request to the Board for a hearing. Any hearing shall follow the procedures described in paragraph (f)(5)(ii)–(iii) of this section.

(f) *Approval requirements for certain capital actions*—(1) *Circumstances requiring approval.* Notwithstanding a notice of non-objection under paragraph (e)(2)(i) of this section a bank holding company may not make a capital distribution under the following circumstances, unless it receives approval from the Board or appropriate Reserve

Bank pursuant to paragraph (f)(4) of this section:

(i) After giving effect to the capital distribution, the bank holding company would not meet a minimum regulatory capital ratio or a tier 1 common ratio of at least 5 percent;

(ii) The Board or the appropriate Reserve Bank, after consultation with the Board, notifies the company in writing that the Federal Reserve has determined that the capital distribution would result in a material adverse change to the organization's capital or liquidity structure or that the company's earnings were materially underperforming projections;

(iii) Except as provided in paragraph (f)(2) of this section, the dollar amount of the capital distribution will exceed the amount described in the capital plan for which a non-objection was issued under this section; or

(iv) The capital distribution would occur after the occurrence of an event requiring resubmission under paragraphs (d)(4)(A) and (C) of this section and before the Federal Reserve acted on the resubmitted capital plan.

(2) *Exception for well capitalized bank holding companies.* (i) A bank holding company may make a capital distribution for which the dollar amount exceeds the amount described in the capital plan for which a non-objection was issued under this section if the following conditions are satisfied:

(A) The bank holding company is, and after the capital distribution would remain, well capitalized as defined in §225.2(r) of Regulation Y (12 CFR 225.2(r));

(B) The bank holding company's performance and capital levels are, and after the capital distribution would remain, consistent with its projections under expected conditions as set forth in its capital plan under paragraph (d)(2)(i) of this section;

(C) The annual aggregate dollar amount of all capital distributions (beginning on April 1 of a calendar year and ending on March 31 of the following calendar year) would not exceed the total amounts described in the company's capital plan for which the bank holding company received a notice of non-objection by more than 1.00 percent multiplied by the bank holding

company's tier 1 capital, as reported to the Federal Reserve on the bank holding company's first quarter FR Y-9C;

(D) The bank holding company provides the appropriate Reserve Bank with notice 15 calendar days prior to a capital distribution that includes the elements described in paragraph (f)(3) of this section; and

(E) The Board or the appropriate Reserve Bank, after consultation with the Board, does not object to the transaction proposed in the notice. In determining whether to object to the proposed transaction, the Board or the appropriate Reserve Bank, after consultation with the Board, shall apply the criteria described in paragraph (f)(4)(iv) of this section.

(ii) The exception in this paragraph (f)(2) shall not apply if the Board or the appropriate Reserve Bank notifies the bank holding company in writing that it may not take advantage of this exception.

(3) *Contents of request.* (i) A request for a capital distribution under this section shall be filed with the appropriate Reserve Bank and the Board and shall contain the following information:

(A) The bank holding company's current capital plan or an attestation that there have been no changes to the capital plan since it was last submitted to the Federal Reserve;

(B) The purpose of the transaction;

(C) A description of the capital distribution, including for redemptions or repurchases of securities, the gross consideration to be paid and the terms and sources of funding for the transaction, and for dividends, the amount of the dividend(s); and

(D) Any additional information requested by the Board or the appropriate Reserve Bank (which may include, among other things, an assessment of the bank holding company's capital adequacy under a revised stress scenario provided by the Federal Reserve, a revised capital plan, and supporting data).

(ii) Any request submitted with respect to a capital distribution described in paragraph (f)(1)(i) of this section shall also include a plan for restoring the bank holding company's capital to an amount above a minimum

level within 30 days and a rationale for why the capital distribution would be appropriate.

(4) *Approval of certain capital distributions.* (i) A bank holding company must obtain approval from the Board or the appropriate Reserve Bank, after consultation with the Board, before making a capital distribution described in paragraph (f)(1) of this section.

(ii) A request for a capital distribution under this section must be filed with the appropriate Reserve Bank and contain all the information set forth in paragraph (f)(3) of this section.

(iii) The Board or the appropriate Reserve Bank, after consultation with the Board, will act on a request under this paragraph (f)(4) within 30 calendar days after the receipt of a complete request under paragraph (f)(4)(ii) of this section. The Board or the appropriate Reserve Bank may, at any time, request additional information that it believes is necessary for its decision.

(iv) In acting on a request under this paragraph, the Board or appropriate Reserve Bank will apply the considerations and principles in paragraph (e) of this section. In addition, the Board or the appropriate Reserve Bank may disapprove the transaction if the bank holding company does not provide all of the information required to be submitted under paragraphs (f)(3) and (f)(5)(iii) of this section.

(5) *Disapproval and hearing.* (i) The Board or the appropriate Reserve Bank will notify the bank holding company in writing of the reasons for a decision to disapprove any proposed capital distribution. Within 10 calendar days after receipt of a disapproval by the Board, the bank holding company may submit a written request for a hearing.

(ii) The Board will order a hearing within 10 calendar days of receipt of the request if it finds that material facts are in dispute, or if it otherwise appears appropriate. Any hearing conducted under this paragraph shall be held in accordance with the Board's Rules of Practice for Formal Hearings (12 CFR part 263).

Federal Reserve System

§ 225.12

(iii) At the conclusion of the hearing, the Board will by order approve or disapprove the proposed capital distribution on the basis of the record of the hearing.

[76 FR 74644, Dec. 1, 2011]

Subpart B—Acquisition of Bank Securities or Assets

SOURCE: Reg. Y, 62 FR 9324, Feb. 28, 1997, unless otherwise noted.

§ 225.11 Transactions requiring Board approval.

The following transactions require the Board's prior approval under section 3 of the Bank Holding Company Act except as exempted under § 225.12 or as otherwise covered by § 225.17 of this subpart:

(a) *Formation of bank holding company.* Any action that causes a bank or other company to become a bank holding company.

(b) *Acquisition of subsidiary bank.* Any action that causes a bank to become a subsidiary of a bank holding company.

(c) *Acquisition of control of bank or bank holding company securities.* (1) The acquisition by a bank holding company of direct or indirect ownership or control of any voting securities of a bank or bank holding company, if the acquisition results in the company's control of more than 5 percent of the outstanding shares of any class of voting securities of the bank or bank holding company.

(2) An acquisition includes the purchase of additional securities through the exercise of preemptive rights, but does not include securities received in a stock dividend or stock split that does not alter the bank holding company's proportional share of any class of voting securities.

(d) *Acquisition of bank assets.* The acquisition by a bank holding company or by a subsidiary thereof (other than a bank) of all or substantially all of the assets of a bank.

(e) *Merger of bank holding companies.* The merger or consolidation of bank holding companies, including a merger through the purchase of assets and assumption of liabilities.

(f) *Transactions by foreign banking organization.* Any transaction described in paragraphs (a) through (e) of this section by a foreign banking organization that involves the acquisition of an interest in a U.S. bank or in a bank holding company for which application would be required if the foreign banking organization were a bank holding company.

§ 225.12 Transactions not requiring Board approval.

The following transactions do *not* require the Board's approval under § 225.11 of this subpart:

(a) *Acquisition of securities in fiduciary capacity.* The acquisition by a bank or other company (other than a trust that is a company) of control of voting securities of a bank or bank holding company in good faith in a fiduciary capacity, unless:

(1) The acquiring bank or other company has sole discretionary authority to vote the securities and retains this authority for more than two years; or

(2) The acquisition is for the benefit of the acquiring bank or other company, or its shareholders, employees, or subsidiaries.

(b) *Acquisition of securities in satisfaction of debts previously contracted.* The acquisition by a bank or other company of control of voting securities of a bank or bank holding company in the regular course of securing or collecting a debt previously contracted in good faith, if the acquiring bank or other company divests the securities within two years of acquisition. The Board or Reserve Bank may grant requests for up to three one-year extensions.

(c) *Acquisition of securities by bank holding company with majority control.* The acquisition by a bank holding company of additional voting securities of a bank or bank holding company if more than 50 percent of the outstanding voting securities of the bank or bank holding company is lawfully controlled by the acquiring bank holding company prior to the acquisition.

(d) *Acquisitions involving bank mergers and internal corporate reorganizations—*(1) *Transactions subject to Bank Merger Act.* The merger or consolidation of a

From: Jevon Gordon

Sent: Wednesday, August 13, 2014 11:57 AM

To: Peggy Naulty

Subject: RE: Jevon, has the CIT Group/OneWest filing been submitted? I'm just seeing the placeholder in AMPS. Thanks. NT -FRSONLY-

No...I think it's supposed to be filed at the end of this month.

From: Peggy Naulty

Sent: Wednesday, August 13, 2014 11:53 AM

To: Jevon Gordon

Subject: Jevon, has the CIT Group/OneWest filing been submitted? I'm just seeing the placeholder in AMPS. Thanks. NT -FRSONLY-

RESTRICTED FR

Peggy Naulty

Banking Applications Section

Consumer Compliance Supervision Branch

Division of Consumer and Community Affairs

Board of Governors

(202) 452-2088

From: Jevon Gordon
Sent: Monday, August 18, 2014 9:42 AM
To: Katie Cox
Subject: RE: CIT/OneWest

Thanks. I believe the application is expected to be filed next week.

From: Katie Cox
Sent: Monday, August 18, 2014 7:11 AM
To: Jevon Gordon
Subject: FW: CIT/OneWest

Not sure if I sent this to you.

Katie Cox
Manager, Domestic Banking Acquisitions and Activities
Board of Governors of the Federal Reserve System
Washington, DC 20551
202-452-2721
katie.s.cox@frb.gov

From: Keith Coughlin
Sent: Friday, August 15, 2014 2:30 PM
To: Katie Cox; Celeste Molleur
Subject: RE: CIT/OneWest

Thanks all.

Keith Coughlin
Regional Banking Organizations
Banking Supervision and Regulation
Board of Governors of the Federal Reserve System
Phone: (202) 452 - 2056
Cell: (b)(6)

From: Katie Cox
Sent: Friday, August 15, 2014 1:52 PM
To: Celeste Molleur; Keith Coughlin

Subject: RE: CIT/OneWest

Jevon and I are the appropriate contacts for CIT.

Katie Cox
Manager, Domestic Banking Acquisitions and Activities
Board of Governors of the Federal Reserve System
Washington, DC 20551
202-452-2721
katie.s.cox@frb.gov

From: Celeste Molleur
Sent: Friday, August 15, 2014 1:44 PM
To: Keith Coughlin; Katie Cox
Subject: RE: CIT/OneWest

Yes, myself and the analyst Michael Lipman are the appropriate contacts for CIT

From: Keith Coughlin
Sent: Friday, August 15, 2014 1:39 PM
To: Celeste Molleur; Katie Cox
Subject: FW: CIT/OneWest

Celeste – would you be the appropriate contact for CIT?

Katie – would you be the contact from Applications for CIT?

(b)(5)

Keith Coughlin
Regional Banking Organizations
Banking Supervision and Regulation
Board of Governors of the Federal Reserve System
Phone: (202) 452 - 2056
Cell: (b)(6)

From: Sheller, Ryan D. [<mailto:RSheller@FDIC.gov>]
Sent: Friday, August 15, 2014 1:36 PM
To: Keith Coughlin
Subject: CIT/OneWest

Referred to the FDIC for disposition and a direct response to you

Referred to the FDIC for disposition and a direct response to you



From: Michael Lipman
Sent: Tuesday, August 19, 2014 3:12 PM
To: Jevon Gordon
Cc: Michael Sexton
Subject: Question on CIT Merger App -FRSONLY-

Jevon,

Quick question for you. I've also been told Mike Sexton may be the best to answer this question.

(b)(5)

(b)(5)

. Let me know if you have any questions.

Mike

From: Topaz J Nobles (FRS)
Sent: Tuesday, August 19, 2014 2:27 PM
To: Michael Lipman
Cc: James Cheatham (FRS); Andre Quezada (FRS)
Subject: FW: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Hi Mike,

Please see the below from our OCC counterpart.

(b)(5)

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry: (b)(6)
Email: topaz.nobles@ny.frb.org

Web: www.newyorkfed.org

From: Cheatham, James
Sent: Tuesday, August 19, 2014 2:00 PM
To: Nobles, Topaz J
Subject: FW: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Let's talk after you have read the attached.

From: Phelps, Robert [<mailto:Robert.Phelps@occ.treas.gov>]
Sent: Tuesday, August 19, 2014 1:57 PM
To: Cheatham, James
Cc: Buting, Michael W
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

This message was sent securely using ZixCorp.

Referred to the OCC for disposition and a direct response to you



From: Cheatham, James [<mailto:james.cheatham@ny.frb.org>]
Sent: Thursday, July 31, 2014 10:18 AM
To: Phelps, Robert
Cc: Quezada, Andre; Nobles, Topaz J
Subject: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Received via OCC Secure Mail

Bob, it was good to speak with you yesterday. I (b)(5)
(b)(5)
his cell (b)(6) (b)(5)
Jim

(b)(5)

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org

This e-mail message, including attachments, is for the sole use of the intended recipient(s) and may contain confidential or proprietary information. If you are not the intended recipient, immediately contact the sender by reply e-mail and destroy all copies of the original message.

From: Hurwitz, Ivan
Sent: Tuesday, August 19, 2014 5:29 PM
To: Bae, Philip
Cc: Steffey, Brian
Subject: FW: Newspaper Notice
Attachments: SC1-#3688885-v2A-Driver_-_Newspaper_Notice_for_FRB_Application.DOCX

Follow Up Flag: Follow up
Flag Status: Completed

Bob Ingato called me to mention that they plan to file tomorrow (I encouraged him to do so via E-Apps) and to ask if the newspapers they plan to publish in are ok (b)(5)
Could you get back to him and let him know if these newspapers are ok?

From: Robert.Ingato@cit.com [<mailto:Robert.Ingato@cit.com>]
Sent: Tuesday, August 19, 2014 5:06 PM
To: Hurwitz, Ivan
Subject: Newspaper Notice

Ivan,

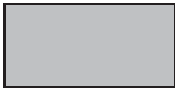
Per our conversation, we plan to publish that attached notice in the following publications:

1. *New York Post*
New York, New York (serving the location of CIT Group's principal executive offices)
2. *The Star Ledger*
Newark, New Jersey (serving the location of CIT Group's headquarters office)
3. *The Salt Lake Tribune*
Salt Lake City, Utah (serving the location of CITB's head office)
4. *Los Angeles Times*
Los Angeles, California (serving the location of IMB's head office)
5. *Orange County Register*
Santa Ana, California (serving the location of IMB's head office)

I would appreciate any feedback that you or your colleagues may have.

Regards,

Bob



Robert J. Ingato
EVP, General Counsel
Corporate

+1 973 740 5664 (tel)

Robert.Ingato@cit.com

One CIT Drive
Livingston, NJ 07039
www.cit.com

This email message and any accompanying materials may contain proprietary, privileged and confidential information of CIT Group Inc. or its subsidiaries or affiliates (collectively, "CIT"), and are intended solely for the recipient(s) named above. If you are not the intended recipient of this communication, any use, disclosure, printing, copying or distribution, or reliance on the contents, of this communication is strictly prohibited. CIT disclaims any liability for the review, retransmission, dissemination or other use of, or the taking of any action in reliance upon, this communication by persons other than the intended recipient(s). If you have received this communication in error, please reply to the sender advising of the error in transmission, and immediately delete and destroy the communication and any accompanying materials. To the extent permitted by applicable law, CIT and others may inspect, review, monitor, analyze, copy, record and retain any communications sent from or received at this email address.

Notice of Application for Formation of a Bank Holding Company and Acquisition of a Bank Holding Company

CIT Group Inc., having its head office in Livingston, NJ, and Carbon Merger Sub LLC, having its head office in Livingston, NJ, have applied to the Federal Reserve Board for permission to acquire another bank holding company, IMB Holdco LLC, having its head office in Pasadena, CA. As a result of the merger transaction, Carbon Merger Sub LLC will become a bank holding company. The Federal Reserve considers a number of factors in deciding whether to approve the application including the record of performance of banks we own in helping to meet local credit needs.

You are invited to submit comments in writing on this application to the Federal Reserve Bank of New York, Attention: Bank Applications Officer, 33 Liberty Street, New York, NY 10045, or via email: comments.applications@ny.frb.org. The comment period will not end before [●], 2014 and may be somewhat longer. The Board's procedures for processing applications may be found at 12 C.F.R. Part 262. Procedures for processing protested applications/notices may be found at 12 C.F.R. 262.25. If you need more information about how to submit your comments on community affairs aspects of the application or to obtain copies of relevant procedures contact Ms. Kausar Hamdani, Community Affairs, (212) 720-8258; other questions, including those relating to general procedures, should be directed to Mr. Ivan J. Hurwitz, Vice President, Bank Applications Function, (212) 720-5885. The Federal Reserve will consider your comments and any request for a public meeting or formal hearing on the application if they are received in writing by the Reserve Bank on or before the last day of the comment period.

From: Robert.Ingato@cit.com
Sent: Tuesday, August 19, 2014 7:37 PM
To: Bae, Philip
Cc: Steffey, Brian
Subject: RE: FW: Newspaper Notice -ZFRSSE-

Thank you Philip - yes, the locations of OneWest Bank and its parent (IMB) are the same (headquarters is in Pasadena).

CIT | Robert J. Ingato | EVP, General Counsel | Corporate | +1 973 740 5664 (tel) | Robert.Ingato@cit.com

-----Original Message-----

From: philip.bae@ny.frb.org [<mailto:philip.bae@ny.frb.org>]
Sent: Tuesday, August 19, 2014 6:36 PM
To: robert.ingato@cit.com
Cc: brian.steffey@ny.frb.org
Subject: ZIX: FW: Newspaper Notice -ZFRSSE-

Dear Mr. Ingato,

Regarding your email to Ivan that provides publications information, I did not see newspaper publication in OneWest Bank NA's (OWB) serving location. If the serving locations of IMB and OWB are identical, we are fine with the newspapers you plan to publish.

Thank you,
Philip

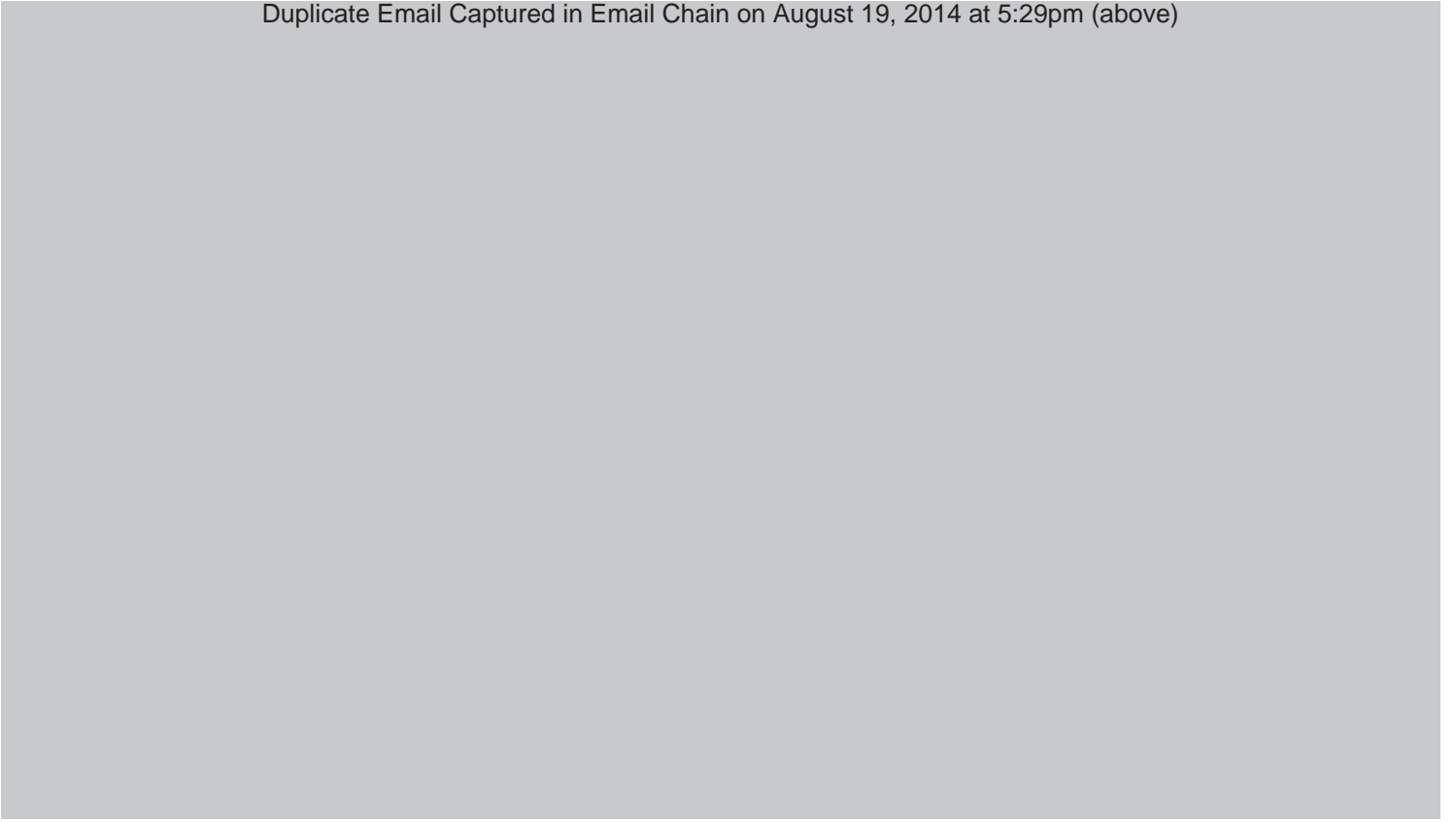
Philip Bae
Bank Applications
Federal Reserve Bank of New York
212-720-2658
philip.bae@ny.frb.org

From: Robert.Ingato@cit.com<<mailto:Robert.Ingato@cit.com>> [<mailto:Robert.Ingato@cit.com>]
Sent: Tuesday, August 19, 2014 5:06 PM
To: Hurwitz, Ivan
Subject: Newspaper Notice

Duplicate Email Captured in Email Chain on August 19, 2014 at 5:29pm (above)

Duplicate Email Captured in Email Chain on August 19, 2014 at 5:29pm (above)

Duplicate Email Captured in Email Chain on August 19, 2014 at 5:29pm (above)



From: [James Cheatham \(FRS\)](#)
To: [Michael Lipman](#); [Topaz J Nobles \(FRS\)](#)
Cc: [Andre Quezada \(FRS\)](#)
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-
Date: Wednesday, August 20, 2014 9:34:36 AM

Thanks Mike that is helpful. Topaz will you follow up with your legal contact here. Thanks - Jim

From: Michael Lipman [mailto:michael.s.lipman@frb.gov]
Sent: Wednesday, August 20, 2014 9:32 AM
To: Cheatham, James; Nobles, Topaz J
Cc: Quezada, Andre
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-

(b)(5)

(b)(5)

(b)(5)

From: James Cheatham (FRS)
Sent: Wednesday, August 20, 2014 9:23 AM
To: Michael Lipman; Topaz J Nobles (FRS)
Cc: Andre Quezada (FRS)
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-

(b)(5)

im

From: Michael Lipman [mailto:michael.s.lipman@frb.gov]
Sent: Wednesday, August 20, 2014 9:07 AM
To: Nobles, Topaz J
Cc: Cheatham, James; Quezada, Andre
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-

Topaz,

(b)(5)

Thx, Mike

From: Topaz J Nobles (FRS)
Sent: Tuesday, August 19, 2014 2:32 PM
To: Michael Lipman

Cc: James Cheatham (FRS); Andre Quezada (FRS)

Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-

Thanks Mike. I believe Jim wants to get back to them within the next day or two.

TOPAZ J. NOBLES, Esq.

Bank Examiner

Financial Institution Supervision Group

Federal Reserve Bank of New York

Office Phone: 212-720-1632

On-Site Phone: 973-740-5554

Blackberry: (b)(6)

Email: topaz.nobles@ny.frb.org

Web: www.newyorkfed.org

From: Lipman, Michael S (Board)

Sent: Tuesday, August 19, 2014 2:32 PM

To: Nobles, Topaz J

Cc: Cheatham, James; Quezada, Andre

Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank) -FRSONLY-

(b)(5)

When do you need to get back to the OCC?

From: Topaz J Nobles (FRS)

Sent: Tuesday, August 19, 2014 2:27 PM

To: Michael Lipman

Cc: James Cheatham (FRS); Andre Quezada (FRS)

Subject: FW: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Hi Mike,

Please see the below from our OCC counterpart. They have asked that we provide detail about CIT in advance of the acquisition. (b)(5)

TOPAZ J. NOBLES, Esq.

Bank Examiner

Financial Institution Supervision Group

Federal Reserve Bank of New York

Office Phone: 212-720-1632

On-Site Phone: 973-740-5554

Blackberry: (b)(6)

Email: topaz.nobles@ny.frb.org

Web: www.newyorkfed.org

From: Cheatham, James
Sent: Tuesday, August 19, 2014 2:00 PM
To: Nobles, Topaz J
Subject: FW: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Duplicate of the Email Captured in the Email Chain
dated August 19, 2014 at 3:12pm (above).

From: Phelps, Robert [<mailto:Robert.Phelps@occ.treas.gov>]
Sent: Tuesday, August 19, 2014 1:57 PM
To: Cheatham, James
Cc: Buting, Michael W
Subject: RE: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Duplicate of the Email Captured in the Email Chain dated August 19, 2014 at 3:12pm (above), which
was referred to the OCC for disposition and a direct response to you.

From: Cheatham, James [<mailto:james.cheatham@ny.frb.org>]

Sent: Thursday, July 31, 2014 10:18 AM

To: Phelps, Robert

Cc: Quezada, Andre; Nobles, Topaz J

Subject: Clay Sunderland's Contact Info (FDIC EIC for CIT Bank)

Duplicate of the Email Captured in the Email Chain dated August 19, 2014 at 3:12pm (above).



This message was secured by [ZixCorp](#)^(R).

This message was secured by [ZixCorp](#)^(R).
This message was secured in transit. REP-ZFRSSE

From: Adam Cohen
To: [Andrew Hartlage](#)
Subject: RE: LAPH Update for CIT Group -FRSONLY-
Date: Thursday, August 21, 2014 9:47:38 AM

Yes sir.

From: Andrew Hartlage
Sent: Thursday, August 21, 2014 9:47 AM
To: Adam Cohen
Subject: LAPH Update for CIT Group -FRSONLY-

Dear Adam:

I updated the LAPH entry for the CIT Group matter—when you have time, would you kindly look over it and see if you agree? Thanks.

Best regards,
Andrew Hartlage

From: McCune, Crystal
Sent: Thursday, August 21, 2014 11:46 AM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J; Quezada, Andre; Adedoyin, Mobolaji; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Steffey, Brian; Bae, Philip; Whidbee, Robin
Subject: <For Your Review> - CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2)
Attachments: CIT_Section 3 Application.pdf; CIT - Section 3 Application_Confidential Exhibits.pdf

RESTRICTED FR

Attached, for your review, is the application by CIT Group and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, both of Livingston, New Jersey, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. This application has been broken into a two part email due to the size of the public exhibits. The processing of this application will be discussed in more detail during the kick-off meeting on August 28th.

Should you have any questions prior to the meeting, please contact Philip Bae (x2658) or Brian Steffey (x6515)



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-212-558-4000
FACSIMILE: 1-212-558-3588
WWW.SULLCROM.COM

*125 Broad Street
New York, NY 10004-2498*

LOS ANGELES • PALO ALTO • WASHINGTON, D.C.

FRANKFURT • LONDON • PARIS

BEIJING • HONG KONG • TOKYO

MELBOURNE • SYDNEY

August 20, 2014

CONFIDENTIAL TREATMENT REQUEST

Ivan J. Hurwitz
Vice President, Bank Applications
Federal Reserve Bank of New York,
33 Liberty Street,
New York, New York 10045.

Re: CIT Group Inc. Proposed Acquisition of IMB Holdco LLC

Ladies and Gentlemen:

Enclosed please find the following documents, prepared by our clients, CIT Group Inc. and Carbon Merger Sub LLC (together, the “Applicants”), in connection with their application to the Board of Governors of the Federal Reserve System (the “Board”) relating to the Applicants’ proposed acquisition of IMB Holdco LLC and certain related transactions:

- An Application to the Board pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, and Regulation Y promulgated thereunder (the “Application”);
- Public Exhibits to the Application (separately bound); and
- Confidential Exhibits to the Application (separately bound).

Certain of the enclosed materials (the Confidential Exhibits) have been marked “Confidential Treatment Requested” and are referred to herein as the “Confidential Materials.”

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, and the regulations of the Board, 12 C.F.R. Part 261, we hereby respectfully request on behalf of the Applicants that the Confidential Materials be treated confidentially and not be made

Duplicate Copy of the 3-page cover letter dated August 20, 2014, and the 50-page application previously released on August 28, 2014.

CONFIDENTIAL EXHIBITS

TO THE

APPLICATION

TO THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

RELATING TO THE PROPOSED ACQUISITION OF

IMB HOLDCO LLC

BY

CIT GROUP INC.

AND

CARBON MERGER SUB LLC

August 20, 2014

TABLE OF CONFIDENTIAL EXHIBITS

	Tab
Confidential Portion of the Merger Agreement and Confidential Related Agreements	1
Integration Framework.....	2
Description of Due Diligence Review	3
Pro Forma Financial and Related Information.....	4
CIT Group Inc. Risk Management Information and Framework for Compliance with Enhanced Prudential Standards.....	5
CIT and OneWest BSA/AML Program	6
Interconnectedness Analysis.....	7
Pro Forma Asset and Securities Portfolio	8
CRA Plans of CIT Bank and OneWest Bank, National Association.....	9
Information in Response to Item 8(d) and Item 13 of Form FR Y-3.....	10
Information in Response to Item 9 of Form FR Y-3	11

CONFIDENTIAL EXHIBIT 1

**Confidential Portion of the Merger Agreement and Confidential
Related Agreements**

**Exhibit A to Agreement and Plan of Merger, dated July 21,
2014, between CIT Group Inc., IMB Holdco LLC and JCF III
Holdco I L.P.**

Exhibit A

Reference is made to the Agreement and Plan of Merger (the “Agreement”), dated as of July 21, 2014, by and among Carbon and Oxygen. The parties to the Agreement agree to the following terms and procedures in respect of the calculation and payment of the Holdback Amount. Unless the context otherwise requires, capitalized terms used in this Exhibit A but not defined herein shall have the meanings ascribed to such terms in the Agreement.

(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

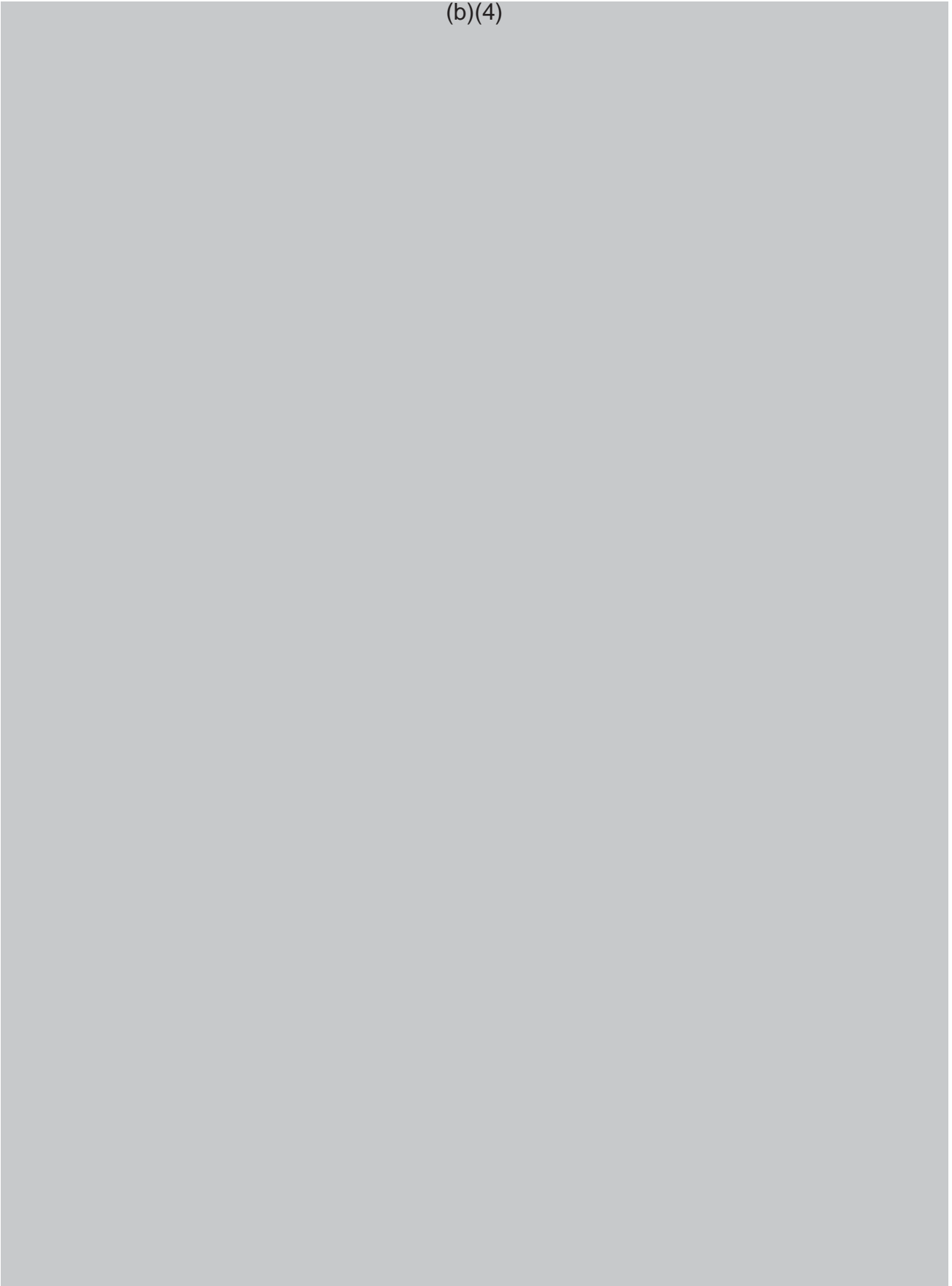
(b)(4)



(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

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(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL EXHIBIT 2

Integration Framework

Overview of Integration Process and Framework¹

CIT and OneWest have developed a draft integration framework that outlines the governance structure, process, timeline and objectives required to achieve a seamless integration of CIT and OneWest (the “Framework”). The Framework is intended to provide clear and transparent direction to the integration program and to dedicate and organize the resources necessary for the integration process. The Framework emphasizes a proactive approach to risk management and compliance.

CIT is in the process of hiring an external consultant to assist with integration planning, management and execution. As discussions among the consultant and business teams continue, the Framework will be reviewed and updated as appropriate in light of any developments.

The Framework is focused around: Management, Objectives and Planning & Execution.

Management

The Framework establishes an integration team structure that includes key executives, drawing from management at both CIT and OneWest, from across the functional areas, including: Risk, Finance, Operations, Treasury, Credit, Compliance and Controller. Under the Framework, the dedicated team of integration executives and team members will lead the integration efforts while allowing business lines to focus on business-as-usual activities. The organizational structure of the integration process is designed so that visibility and priority are given to areas with respect to which business-as-usual functions are affected by, or have interdependencies with, merger-related activities. As noted above, CIT plans to hire an external consultant to assist it in successfully completing the integration and execution of the Framework.

CIT plans to establish an integration team structure that is comprised of four levels, as follows:

1. Executive Management Committee – will consist of senior management from both the CIT and OneWest organizations, and is responsible for leading the integration effort, establishing the primary goals and objectives of the integration process and approving critical decisions.
2. Integration Management Office – will provide a central oversight function to coordinate integration efforts among the business integration teams, allocate resources effectively and ensure that effective integration efforts are being conducted throughout the combined organization.
3. Business Integration Teams – will implement the integration plan at the line-of-business level, playing the primary role of coordinating the integration efforts within each business line and ensuring that the integration process is effectively addressing the operations, systems, technology and human resources of such business line.

¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

4. Sub-Business Integration Teams – may be created on an as needed basis to support each of the business integration teams and will support implementation efforts at a more specialized and operational level.

Objectives

CIT has also set out a number of integration objectives that will guide the integration process. The objectives cover the following topics: business strategy, governance and management, organization/business models, financial goals, operations, technology, risk management and key stakeholders. The specific objectives related to each of these topics will continue to be revised as the Framework is refined.

Planning & Execution

CIT has also set out three phases of an integration timeline over which a number of transition steps will be accomplished. The first phase is “Assess and Initiate”, where an overall transition and strategic plan, a business and organizational operating model definition and final product, services and financial targets will be developed. The second phase is “Plan”, during which a target operating model will be developed. The third phase is “Execute” during which the target operating model will be implemented, and all phases of its execution will be tracked and monitored. This final phase will be designed to ensure that all synergy benefits are captured, key initiatives are delivering value and that all stakeholders are receiving proper communications.

CONFIDENTIAL EXHIBIT 3

Description of Due Diligence Review

CIT GROUP INC.
CONFIDENTIAL EXHIBIT 3
CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CIT GROUP INC.
CONFIDENTIAL EXHIBIT 3
CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



CONFIDENTIAL EXHIBIT 4

Pro Forma Financial and Related Information

The following tables present, as at the dates and for the periods indicated, selected unaudited pro forma financial information and explanatory notes, and includes the impact of the Transaction on CIT's and OneWest's respective historical financial positions and results of operations. This unaudited pro forma financial information was prepared in accordance with U.S. generally accepted accounting principles. The principal assumptions made during the preparation of the pro forma financial information are indicated on the respective table, including an assumed closing of March 31, 2015.

CONFIDENTIAL TREATMENT REQUESTED

CIT Group (parent only) Balance Sheet @ 6/30/14

CIT Group (parent only)			ADJUSTMENTS					Pro forma
source: Y9LP (in \$ millions)	CIT	IMB	Debt Issuance	PAA	Restructuring	Share Repurchase		
Assets			(b)(4)	(b)(4)				(b)(4)
Cash	628	114				(500)	j	
Securities	979	0				0		
Gross loans and leases (Intercompany Loans)	13,144	0				0		
Allowance for loan losses	0	0				0		
Net loans and leases	13,144	0				0		
Goodwill and other intangibles	338	0				0		
Investment in Subsidiaries	9,596	2,798				0		
Other assets	1,052	1			i	0		
Total assets	25,737	2,913				(500)		
Liabilities								
Deposits	0	0	0			0		
Borrowings	12,232	0	2,000	a		0		
Other liabilities	4,888	0	0		i	0		
Total liabilities	17,120	0	2,000			0		
Equity								
Common equity	8,618	2,913	0		i	(500)	j	
Non-controlling interest	0	0	0			0		
Total equity	8,618	2,913	0			(500)		
Total liabilities & equity	25,737	2,913	2,000			(500)		

CONFIDENTIAL TREATMENT REQUESTED

CIT Group (parent only) Balance Sheet @ 6/30/14

Endnotes (in \$ million):

(a) Debt Issuance of \$2B

(b)(4)

(j) To record CIT Scheduled Share Repurchases from Q2 '14 through Q1 '15

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

CIT Group Consolidated Balance Sheet @ 6/30/14

CIT Group Consolidated

source: Y9C (in \$ millions)

	CIT Group	IMB
Assets		
Cash	5,337	4,586
Securities	1,822	1,222
Gross loans and leases	35,617	15,861
Allowance for loan losses	(341)	(84)
Net loans and leases	35,276	15,778
Goodwill and other intangibles	423	137
Other assets	1,293	844
Total assets	44,153	22,567
Liabilities		
Deposits	13,939	14,882
Borrowings	17,626	4,217
Other liabilities	3,958	555
Total liabilities	35,523	19,654
Equity		
Common equity	8,618	2,913
Non-controlling interest	12	0
Total equity	8,629	2,913
Total liabilities & equity	44,153	22,567

ADJUSTMENTS									
Debt									
Issuance		PAA		Restructuring		Share Repurchase		Elim OWB GW and Intangibles	Pro forma
(b)(4)	a		(b)(4)			(500)	l	(b)(4)	(b)(4)
						0			
						0			
(b)(4)						0			
	b				k	0			
						(500)			
0						0			
2,000	a					0			
0					k	0			
2,000						0			
0					k	(500)	l		
0						0			
0						(500)			
2,000						(500)			

CONFIDENTIAL TREATMENT REQUESTED

CIT Group Consolidated Balance Sheet @ 6/30/14

Endnotes (in \$ million):

(a) Debt Issuance of \$2B.

(b)(4)

(l) To record CIT Scheduled Share Repurchases from Q2 '14 through Q1 '15

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

CIT Bank Balance Sheet @ 6/30/14

CIT Bank Consolidated

source: Call Report (in \$ millions)

	CIT Bank	OneWest Bank	ADJUSTMENTS				Pro forma
			Debt Issuance	PAA	Elim OWB GW and Intangibles	Other	
Assets							(b)(4)
Cash	2,704	4,534	0			0	
Securities	370	1,222	0			0	
Gross loans and leases	15,364	15,857	0			0	
Allowance for loan losses	(231)	(84)	0			0	
Net loans and leases	15,133	15,774	0			0	
Goodwill and other intangibles	0	137	0			0	
Other assets	65	844	0			0	
Total assets	18,271	22,511	0			0	
Liabilities							
Deposits	13,867	14,645	0			0	
Borrowings	1,516	4,214	0			0	
Other liabilities	217	858	0			0	
Total liabilities	15,601	19,716	0			0	
Equity							
Common equity	2,670	2,795	0			0	
Non-controlling interest	0	0	0			0	
Total equity	2,670	2,795	0			0	
Total liabilities & equity	18,271	22,511	0			0	

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CIT Bank Balance Sheet @ 6/30/14

Endnotes (in \$ million):

(b)(4)



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CIT Group Consolidated Closing Balance Sheet @ 3/31/15

CIT Group Consolidated

	3/31/2015	3/31/2015
source: CIT Forecast / Y9C (in \$ millions)	CIT Group	IMB

Assets

Cash	(b)(4)	(b)(4)
Securities		
Gross loans and leases		
Allowance for loan losses		
Net loans and leases		
Goodwill and other intangibles		
Other assets		

Total assets

Liabilities

Deposits		
Borrowings		
Other liabilities		
Total liabilities		

Equity

Common equity		
Non-controlling interest		
Total equity		

Total liabilities & equity

ADJUSTMENTS

Debt							
Issuance	PAA	Restructuring	Bank Retention	Elim OWB GW and Intangibles			Pro forma
(b)(4)				(b)(4)			
0							
2,000	a						
0							
2,000							
0							
0							
0							
2,000							

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CIT Group Consolidated Closing Balance Sheet @ 3/31/15

Endnotes (in \$ million):

(a) Debt Issuance of \$2B

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

CIT Bank Closing Balance Sheet @ 3/31/15				
CIT Bank Consolidated		3/31/2015	3/31/2015	ADJUSTMENTS
source: CIT Forecast / Call Report (in \$ millions)	CIT Bank	OneWest Bank		Pro forma
Assets				
Cash	(b)(4)	(b)(4)		(b)(4)
Securities				
Gross loans and leases				
Allowance for loan losses				
Net loans and leases			0	0
Goodwill and other intangibles				
Other assets				
Total assets			0	0
Liabilities				
Deposits				
Borrowings				
Other liabilities				
Total liabilities			0	0
Equity				
Common equity				
Non-controlling interest				
Total equity			0	0
Total liabilities & equity			0	0

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CIT Bank Closing Balance Sheet @ 3/31/15
Endnotes (in \$ million):

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

CIT Group Consolidated 3 Year Forecast starting 3/31/15

CIT Group Consolidated

(in \$ millions)

3/31/2015

12/31/2015

12/31/2016

12/31/2017

Assets

Cash

Securities

Gross loans and leases

Allowance for loan losses

Net loans and leases

Goodwill and other intangibles

Other assets

Total assets

Liabilities

Deposits

Borrowings

Other liabilities

Total liabilities

Equity

Common equity

Non-controlling interest

Total equity

Total liabilities & equity

(b)(4)

Assumptions:

Assumed Close is 3/31/2015

(b)(4)

Capital Ratios use Basel III beginning January 2015

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

Resultant Bank 3 Year Forecast starting 3/31/15

Resultant Bank

(in \$ millions)

3/31/2015

12/31/2015

12/31/2016

12/31/2017

Assets

Cash

Securities

Gross loans and leases

Allowance for loan losses

Net loans and leases

Goodwill and other intangibles

Other assets

Total assets

Liabilities

Deposits

Borrowings

Other liabilities

Total liabilities

Equity

Common equity

Non-controlling interest

Total equity

Total liabilities & equity

(b)(4)

Assumptions:

Assumed Close is 3/31/2015

(b)(4)

Capital Ratios use Basel III beginning January 2015

(b)(4)

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CIT Group Consolidated Capital and RWA
\$ in Millions

Risk Weighted Assets

	Asset Balance					Risk Weighted Asset Balance					Risk Weighting				
	CIT		Pro Forma CIT			CIT		Pro Forma CIT			CIT		Pro Forma CIT		
	Q2'14	Q4'14	Q4'15	Q4'16	Q4'17	Q2'14	Q4'14	Q4'15	Q4'16	Q4'17	Q2'14	Q4'14	Q4'15	Q4'16	Q4'17
Cash & Investments	7,160					1,679					23%				
Loans / Leases - HFI	34,515					34,515					100%				
Loans / Leases - HFS	1,102					1,102					100%				
Allowance for Loan & Lease Loss	(341)					-					-				
Goodwill & Intangibles	423					-					-				
Other	1,293					566					44%				
Total On-Balance Sheet	44,153					37,862					86%				
Aircraft Purchase Commitments															
Rail Car Purchase Commitments															
Long-term Loan Commitments															
Financial LC's & Guarantees	1,918					1,888					98%				
Other															
Total Off-Balance Sheet	14,789					13,140					89%				
Total Risk Weighted Assets	58,942					51,002					87%				

Capital									
	CIT		Pro Forma CIT						
	Q2'14	Q4'14	Q1'15	Q4'15	Q4'16				
Stockholders Equity	8,618								
Qualifying Minority Interest	12								
OCI Items excluded from Tier I	21								
Disallowed Deferred Tax Assets	(27)								
Investment in Subs (1st 50%)	(32)								
Goodwill & Intangibles	(423)								
All other	(6)								
Total Tier I Capital	8,162								
Allowance for Loan & Lease	372								
Less Investment in Subs	(32)								
Total Tier II Capital	340								
Total Capital	8,502								
Leverage Assets	44,620								
Ratios									
Tier I Capital	16.0%								
Tier I Common	16.0%								
Total Capital	16.7%								
Leverage	18.3%								

Assumptions:

Assumed Close is 3/31/2015

(b)(4)

Capital Ratios use Basel III beginning January 2015

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

Resultant Bank Consolidated Capital
\$ in Millions

Resultant Bank Capital					
	Q2'14	Q1'15	Q4'15	Q4'16	Q4'17
Stockholders Equity	(b)(4)				
Goodwill & Intangibles					
All other					
Total Tier 1 Capital					
Allowance for Loan & Lease					
Total Tier II Capital					
Total Capital					
Risk Weighted Assets					
Leverage Assets					
Ratios					
Tier I Capital					
Tier 1 Common					
Total Capital					
Leverage					

Assumptions:

Assumed Close is 3/31/2015	(b)(4)
Capital Ratios use Basel III beginning January 2015	(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

Income Statement			
CIT Group Consolidated			
(in \$ millions)		Q2 - Q4 2015	2016
Net income			
Interest income		(b)(4)	
Interest expense			
Net interest income			
Total provisions			
Net interest income after provisions			
Total non-interest income			
Non-interest expense			
Pre-tax income from Continuing Operations			
Tax			
Minority interest and other			
Net income from Continuing Operations			
Discontinued Operations			
Net income before transaction impacts			
a Cost synergies (after-tax)			
b Funding impact (after-tax)			
c Retention Awards (after-tax)			
d Amortization and other impacts (after-tax)			
e Cost of Debt Funding (after-tax)			
f Total CTA			
Net income			

Endnotes:

- (a) Cost Synergies - opex reduction with full impact by 2016
- (b) Funding Impact includes deposit synergies, senior debt synergies, liquidity synergies, and cost of repurchase
- (c) Amortization of Retention Awards
- (d) Amortization and other impacts includes CDI and other amortizations
- (e) Cost of New Debt Funding assumed at \$2B at 4.50% for acquisition
- (f) CTA write-offs on country exist (b)(4)

Other Assumptions:

Assumed Close is 3/31/2015

(b)(4)

CONFIDENTIAL TREATMENT REQUESTED

Income Statement			
Resultant Bank			
(in \$ millions)	Q2 - Q4 2015	2016	2017
Net income			
Interest income	(b)(4)		
Interest expense			
Net interest income			
Total provisions			
Net interest income after provisions			
Total non-interest income			
Non-interest expense			
Pre-tax income from Continuing Operations			
Tax			
Minority interest and other			
Net income from Continuing Operations			
Discontinued Operations			
Net income before transaction impacts			
a Cost synergies (after-tax)			
b Funding impact (after-tax)			
c Retention Awards (after-tax)			
d Amortization and other impacts (after-tax)			
Net income			

Endnotes:

- (a) Cost Synergies - opex reduction with full impact by 2016
- (b) Funding Impact includes deposit synergies, senior debt synergies, and liquidity synergies
- (c) Amortization of Retention Awards
- (d) Amortization and other impacts includes CDI and other amortizations

Assumptions:

Assumed Close is 3/31/2015

(b)(4)

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CIT Group Consolidated

(in \$ millions)

	CIT ONLY - 6 months		OneWest	CONSOLIDATED			
	6/30/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Assets							
Cash	5,337	(b)(4)			(b)(4)		
Securities	1,822						
Total Cash & Securities	7,160						
Change period to period							
Inflows							
Corporate Inflows							
Secured Debt							
Unsecured Debt Issuance							
FHLB Advances							
Deposits							
Principal & Interest on Loans							
Asset Sales and Other Inflows							
\$2B Debt Issuance for OneWest Bank acquisition							
INFLOWS							
Outflows							
Corporate Outflows							
Unsecured debt Interest Payments							
Unsecured Debt Maturity							
FHLB Advance Maturities							
Interest paid on deposits and FHLB advances							
Share Repurchases							
Dividends							
Operational Expenses							
Other Outflows							
New Loan and Lease Volume							
\$2B Debt Issuance for OneWest Bank acquisition							
OUTFLOWS							
NET CHANGE							

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CIT Group Consolidated Cash Flow Projections
(in \$ millions)

Supporting Schedule

	12/31/2015	12/31/2016	12/31/2017
(a) Inflows			
Principal & Interest on Loans		(b)(4)	
	(b)(4)		
(b) Outflows			
New Loan and Lease Volume		(b)(4)	
	(b)(4)		

Certain Asset Quality Information

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[illegible]

Notes/Assumptions

CONFIDENTIAL TREATMENT REQUESTED

	Amounts in millions						Ratio to Total Loans					
	Non-Accrual Loans	Restructured Loans	OREO	Other Repossessed Assets	Total Non-Performing	90+ Past Due	Non-Accrual Loans	Restructured Loans	OREO	Other Repossessed Assets	Total Non-Performing	90+ Past Due
CIT Totals (as of June 2014)	\$ 191.0	\$ 126.4	\$ -	\$ 1.2	\$ 318.6	\$ 64.3	(b)(4)					

OneWest Portfolio (as of June 201

Not Covered by Loss Share

Loss Share

Other Covered

OneWest Totals (as of June 2014)

Pro-Forma (Pre-Adjustment)

Not Covered by Loss Share

Loss Share

Other Covered

Pro-Forma Totals

Pro-Forma Portfolio (Post Merger

Not Covered by Loss Share

Loss Share

Other Covered

Adjusted Pro-Forma Totals

Notes/Assumptions

(b)(4)

CONFIDENTIAL EXHIBIT 5

**CIT Group Inc. Risk Management Information and Framework
for Compliance with Enhanced Prudential Standards**

CIT Risk Management Information and Framework for Compliance with Enhanced Prudential Standards¹

CIT has developed a strong and sustainable risk management structure, founded on core risk control principals, an operationalized Risk Appetite Framework, expertise and experience in all asset classes covered by our Risk Appetite Framework, independent governance and authority, automated risk platforms and comprehensive risk reporting. The addition of OneWest risk professionals, policies and procedures, platforms and management information systems (MIS) will further strengthen the combined organization and well position CIT as it prepares to comply with the enhanced prudential standards applicable to SIFIs.

CIT's core risk principles are founded on Risk Management as a key control function with independent decision-making authority.

1. **Independence.** Risk is independent from CIT's front line business units ("Business Units") and has direct accountability to the CIT Group board of directors ("BOD") and its Risk Management Committee ("RMC") and, together with internal audit, has unfettered access to the BOD. As such, CIT Group's Chief Risk Officer ("CRO") reports to CIT Group's Chief Executive Officer and is accountable to the RMC. The CRO regularly meets in executive session with the RMC and, together with other risk officers, has periodic communications with the BOD and other BOD committees, including the Audit, Compensation and Regulatory Compliance Committees. Consistent with CIT Group's risk independence principle, CIT Group's Chief Compliance Officer reports directly to the Audit Committee (which is responsible for decisions regarding the appointment, termination and compensation of such officer) while the CRO is responsible for day-to-day oversight of the Chief Compliance Officer's activities. Similarly, CIT Group's Loan Risk Review Officer reports directly to the RMC with day-to-day supervision by the CRO.
2. **Risk Profile.** The risk organization is directly accountable to the BOD for CIT's risk profile. Management committees, such as the Enterprise Risk Committee and ALCO, report to the RMC, and credit transaction approval authorities and limits have three tiers of approvals: management credit committees, CRO and RMC.
3. **Risk Models.** Risk is responsible for all risk models and inputs that are used for measuring risk pursuant to the Risk Appetite Framework, including those related to the Dodd-Frank Act Stress Test (DFAST). The Chief Model Risk Officer reports directly to the CRO.
4. **Risk Culture.** The CRO, Chief Credit Officer, Chief Enterprise Risk Officer, Chief Compliance Officer and Loan Risk Review Officer (together with other

¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

senior risk executives) have the stature within the organization and competency to ensure that risks are managed within the Risk Appetite Framework (described below) and to reinforce a strong risk culture fully aligned with regulatory expectations and the operation of a safe and sound banking organization.

CIT's Risk Appetite Statement ("RAS") and Risk Appetite Framework ("Framework") are the centerpieces of CIT's risk governance structure. They are explicitly aligned with CIT's strategy and business plan, both qualitatively and quantitatively. Risk is an integral part of the business planning process, involved in decisions around appropriate growth rates of Business Units given internal (e.g., diversification and strength of controls) and external (e.g., economic drivers and market share) factors and constraints. The RAS includes qualitative statements focused on business strategy (b)(4)) and quantitative statements of risk, including ECAP limits and stressed loss limits at the BOD level and a detailed Framework at the RMC and management levels. The RAS and Framework, including limits and target performance metrics ("TPMs"), are evaluated and approved by the RMC and BOD annually. Comprehensive risk and limit reports, which monitor limit usage levels and risk trends over time, are reviewed by the RMC at each of its regular meetings. The limit structure includes BOD and RMC level limits and transaction approval authorities. BOD or RMC meetings are called for transaction approvals that meet these thresholds. BOD limits cover credit risk, asset risk, market risk, capital adequacy and liquidity risk. RMC limits cover obligor risk, product risk (e.g., leveraged loans, commercial real estate loans, syndication committed exposure, unfunded commitments, maritime loans and derivative exposure), industry risk, country risk, asset risk (e.g., rail order book, book value of rail operating leases and age of fleet), market risk (interest rate and foreign exchange), liquidity risk and capital risk. TPMs cover classified loans, criticized cash flow loans, delinquencies, non-accruals, charge-offs and credit grading error rates. TPM reporting includes peer benchmarking on non-performing loans, reserve coverage, delinquencies, non-core funding dependence, net loans and leases to total deposits and liquid assets to total assets. TPMs are also tied to risk goals used in setting incentive compensation. CITB's Framework, discussed below, also includes bank regulatory limits.

The CRO is responsible for recommending the RAS and Framework, including the risk tolerance limits and TPMs, to the BOD and RMC, and for managing the firm's risks consistent with the Framework. Transaction approvals embedded in the RAS's limits and credit authorities rest solely within the Risk organization, the BOD and RMC. Risk is responsible for Business Unit risk management (e.g., transaction approval, credit grading, portfolio management, and problem loan management); for independent oversight of Treasury-related risks (market risk, liquidity risk, capital risk and stress testing), operational risk, IT risk, model risk, asset risk, risk balancing in incentive compensation plans and for Compliance, BSA/AML and Sanctions, and Loan Risk Review. The CRO is responsible for all decisions regarding the appointment, removal and compensation of CIT Group's senior Risk executives other than those that report to the RMC or Audit Committee. For those executives that report to the RMC or Audit Committee, the CRO recommends annual goals, appointment, removal and compensation, for the committee's approval. The CRO is responsible for day-to-day management of the firm's

CIT GROUP INC.
CONFIDENTIAL EXHIBIT 5
CONFIDENTIAL TREATMENT REQUESTED

risks and risk professionals, subject to the RAS and Framework approved and overseen by the BOD and its applicable committees. As mentioned above, the RAS and Framework are approved annually by the BOD to ensure they are comprehensive and aligned with CIT's business plan and strategy, the limit levels are calibrated to properly manage risk and that there is robust governance around limit setting and exception identification and adjudication. The RMC reviews limit reports and evaluates limits versus risks and relative to the new product pipeline at each meeting.

The CITB board of directors ("CITB BOD") has approved a separate RAS and Framework for CITB that are calibrated to CITB's risk appetite, earnings and capital. CITB's RAS and Framework are aligned with CIT Group's risk structure, but also include bank-specific risks and exclude holding company-specific risks. CITB's risk management structure includes limits and TPMs with tiered governance transaction approval authorities covering management risk committees, the Risk Committee of the CITB BOD and the full CITB BOD.

CIT is committed to ensuring that its enterprise-wide risk management program is commensurate with CIT's size and the diversity and nature of its operations. Consummation of the Transaction will cause CIT to exceed \$50 billion in total consolidated assets, and, as a result, CIT will become subject to the Board's heightened risk management and prudential standards framework pursuant to Section 165 of the Dodd-Frank Act. As detailed below, CIT had anticipated that it would surpass the \$50 billion threshold within the next two years from organic growth alone and has built its risk infrastructure and expertise with that in mind. Management has prepared a "SIFI readiness" gap analysis ("SIFI Gap Analysis") which has been shared with key risk committees at both the BOD and management levels, including the Enterprise Risk Committee ("ERC") and the RMC, and is attached as Annex A to this Confidential Exhibit 5.

CIT Current Risk Structure

CIT has a robust risk infrastructure that, combined with OneWest's risk infrastructure, is commensurate with and appropriate for its size following the Transaction. CIT's risk management includes: (i) strong board and senior management oversight supported by robust governance practices, (ii) an operationalized risk appetite and risk tolerance framework, (iii) expertise across all risks relevant to CIT, (iv) strong compliance and BSA/AML and Sanctions frameworks aligned with growth, (v) strong and stable credit risk metrics and underwriting practices and (vi) sustainable automated risk monitoring and management information systems.

Board and Senior Management Oversight. CIT Group's BOD is responsible for approving CIT's RAS annually and for oversight of risk management directly and through its committees. The RMC provides oversight of all risk areas except legal, compliance, audit and financial reporting risks, which are overseen by the Audit Committee. Joint meetings are held by the Audit Committee and RMC with the CRO, Chief Credit Officer and Head of Enterprise Risk to discuss allowance for loan and lease losses (ALLL), treasury-related risks and other overlapping areas of financial risk. The CIT Group Compensation Committee (the "Compensation Committee") also holds a biannual joint meeting with the RMC and the CRO,

CIT GROUP INC.
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Head of Enterprise Risk, Head of Human Resources and Head of Compensation and Benefits, to review risk balancing with respect to CIT's incentive compensation plans and programs.

CIT's risk management organization is and will remain responsible for the execution of enterprise wide risk management and is held accountable through the reporting of both its management committees (e.g., the Enterprise Risk, ALCO, Compliance and BSA/AML Committees) and key risk executives (e.g., audit, compliance, and loan and risk review).

Compliance Framework. CIT's compliance framework includes staffing both by area of expertise (e.g., BSA/AML and Sanctions, FCPA and Privacy) and by Business Unit. CIT's Chief Compliance Officer reports into the Audit Committee and is managed day-to-day by the CRO. CITB's Chief Compliance Officer reports to the CITB's Audit Committee and is managed day-to-day by the Chief Compliance Officer of CIT Group. CIT Group's Head of BSA/AML and Sanctions reports to the Chief Compliance Officer. The Head of BSA/AML and Sanctions for CITB reports to the Chief Compliance Officer of CITB. Risk assessments cover all enterprise-wide laws and regulations. A compliance testing team conducts ongoing testing of compliance with laws, rules and regulations. CIT conducts a global compliance control assurance twice a year across all business segments and support areas. CIT also conducts anti-corruption training, certification and testing and has anti-corruption monitoring in place. Compliance Risk Assessments are centralized on the Wolters Kluwer system. BSA/AML Risk Assessments are centralized on the B Wise system. (b)(4)

[REDACTED]

[REDACTED]

Credit. CIT has strong and stable credit risk governance, processes and metrics, including independent credit decision making, underwriting standards, grading, portfolio management and problem loan management, and comprehensive credit risk reporting. Credit authorities are tiered to risk. Transaction approvals and limits are set through the Risk Appetite process, and are governed by the BOD and RMC. The CITBNA Risk Committee will be comprised solely of members who are independent of management of CIT. The Chief Credit Officer is and will be subject to the BOD-approved Bank Risk Governance Framework, with a clear escalation path, including approval authorities, resting with the CITB BOD and its Risk Committee.

Automated Risk Monitoring and Management Information Systems. CIT has automated most of its risk monitoring, including Risk Origins for credit risk grading, Actimize for BSA/AML, Wolters Kluwer for Compliance Risk Assessments and B Wise for BSA/AML Risk Assessments, Operational Risk data and SOX controls. In addition, CIT has automated problem loan management, loan and risk review work papers and its model testing framework. CIT has implemented quarterly CCAR-style stress tests for the past 10 quarters (b)(4) [REDACTED], as well as historic period stress tests covering 2001 and 2008. CIT's first formal submission to the Board was in March 2014.

Resulting Risk Management and Compliance Structure of CIT Group

Following the Transaction, the combined entity's risk management structure will be aligned with CIT's current risk management principles and applicable regulatory standards and guidelines, as described above. It is anticipated that CIT Group's risk management principles and organizational structure will remain largely unchanged, except to the extent appropriate to comply with heightened prudential standards.

While the risk management organizational structure and reporting of CITBNA will be consistent with CIT's independence and other principles, the details of the organization will be determined as part of CIT's and OneWest's integration planning process.

Framework for Compliance with Enhanced Prudential Standards

As CIT has approached \$50 billion in total assets, CIT's risk management organization has developed a SIFI Gap Analysis that compares current CIT practices against enhanced prudential standards and other regulatory requirements applicable to SIFIs, including proposed rules such as the liquidity reporting requirements and the Basel III Liquidity Coverage Ratio. CIT also broadly considered its current practices against the OCC's proposed "heightened expectations" framework that have been proposed for "large" national banks with over \$50 billion in total assets.

Through the integration planning process, CIT's integration team will continue to assess SIFI readiness. Within the limits of information that can be shared prior to closing, a gap analysis will be performed between OneWest's risk processes and infrastructure and CIT's, as well as against the SIFI requirements. In particular, a bilateral review of the existing risk platforms will start as soon as feasible. The results of the periodic gap assessments will be elevated to the appropriate governance bodies for review and challenge and will inform the specific remediation activities. Once the specific remediation requirements have been determined, the necessary actions will be formalized into detailed project plans, ultimately feeding into a combined SIFI readiness program.

CIT's executive management recognizes compliance with SIFI readiness as a pivotal component of a successful integration and has therefore decided to organize all the required efforts into a specific SIFI readiness workstream within the broader CIT/OneWest integration program. This approach is meant to ensure appropriate oversight of cross-functional activities through the integration governance framework. Additionally, a steering committee will be appointed to oversee enhancement activities more closely and will escalate issues, as necessary, to the integration executive/governance team.

Key milestones of enhancement activities will be reviewed and monitored by the executive leadership of the two organizations. The implementation tasks and overall plan timelines will be based on regulatory deadlines (and will be vetted with the regulators), to include sufficient time for internal governance approvals and broad output socialization.

CONFIDENTIAL EXHIBIT 5

ANNEX A: SIFI Gap Analysis

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(b)(4)



CONFIDENTIAL EXHIBIT 6
CIT and OneWest BSA/AML Program

Overview of CIT's BSA/AML, OFAC and Sanctions Program¹

CIT Group's Board of Directors and senior management prioritize and give visibility to AML and sanctions compliance, including compliance with the BSA, the USA PATRIOT Act and OFAC regulations, across the organization. AML and sanctions compliance is led by Michelle Goodsir and receives global focus and resources commensurate with the risks presented by CIT's global business activities. CIT continues to (i) reposition its organizational structure and to add staff to support its enterprise-wide AML and sanctions compliance program (the "Program"), (ii) enhance its policies and procedures, and (iii) strengthen its coordinated approach to AML and sanctions risk management. Program policies and procedures have been well established for several years, and a new platform was recently implemented to automate numerous AML and sanctions processes. CIT's current Program document, which is attached as Annex A, was approved by CIT Group's Board of Directors in July 2013, and is currently being updated for CIT Group Board approval in October 2014.

In 2013, CIT implemented Actimize as its AML and sanctions screening platform. Actimize is used to store key know your customer ("KYC") data and assign customer risk ratings, screen customers against sanctions and other watch lists, and screen transactions for suspicious activity. The implementation of Actimize was key to enhancing CIT's KYC controls and attendant money laundering detection capabilities, and to promoting a robust sanctions screening program.

While Actimize remains a significant focus for AML and sanctions compliance, CIT continues to enhance all areas of the Program to meet changing regulatory requirements and industry standards, and to be commensurate with the risk profile of its businesses and geographic footprint. The fundamental elements of the Program include:

1. Designated AML and sanctions officers who are supported by a sufficient number of staff to administer the Program;
2. A system of internal controls that is commensurate with CIT's AML and sanctions risks;
3. Independent testing and review of the Program; and
4. AML and sanctions training that is tailored for each of CIT's businesses.

(b)(4)



¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

(b)(4)



Plan for Integration of OneWest AML/BSA and OFAC Sanctions Program

CIT intends to integrate OneWest's and CIT's AML/BSA and OFAC sanctions programs, considering the strongest aspects of both for future Program enhancements and in light of the differences in the nature of the two businesses. A copy of OneWest's BSA/AML program document is attached as Annex B. CIT will seek to integrate the organizational structures and maintain staff dedicated to bank AML and sanctions oversight. Data and system integration will also be reviewed and considered to optimize AML and sanctions screening and automation.

CONFIDENTIAL EXHIBIT 6

**ANNEX A: CIT Group Inc. Global Anti-Money Laundering and
Sanctions Compliance Program**

(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



(b)(4)



(b)(4)



(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED
(b)(4)



CONFIDENTIAL TREATMENT REQUESTED
(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL TREATMENT REQUESTED

(b)(4)



CONFIDENTIAL EXHIBIT 6

ANNEX B: OneWest's BSA/AML Program Document

(b)(4)

(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)



(b)(4)

CONFIDENTIAL EXHIBIT 7

Interconnectedness Analysis

Interconnectedness Analysis¹

First, the combined organization would have limited wholesale funding² that would constitute an insignificant amount of wholesale funding usage in the United States. As of June 30, 2014, OneWest does not use wholesale funding with the exception of \$3.7 billion in secured Federal Home Loan Bank advances, \$0.5 billion in other secured borrowings and \$0.3 billion in federal funds purchased, while CIT's wholesale funding is limited to a total of \$17.5 billion, consisting of \$12.2 billion in senior unsecured debt securities and \$5.3 billion in senior and subordinated debt securities. As a result of the Transaction, CIT's wholesale funding as a percent of its total funding would actually decrease from 56% to 44%.

Second, the Transaction would not result in significant exposures to any single counterparty. For example, as of June 30, 2014, CIT's largest three counterparties (excluding amounts deposited with Federal Reserve Banks) were JPMorgan Chase, Goldman Sachs and Blackrock Liquid Funds (a money fund), and OneWest's largest three counterparties (excluding amounts deposited with Federal Reserve Banks) were Ocwen Financial Corporation, the U.S. Department of Housing and Urban Development and the FDIC. Notably, there is no overlap among the two organizations' three largest counterparties. Therefore, the Transaction would not result in an increased exposure to any of these counterparties.

Third, neither CIT nor OneWest has a significant amount of intra-financial system assets. Intra-financial system assets include funds deposited with or lent to other financial institutions, holding of securities issued by other financial institutions, net positive exposure of securities financing transactions with other financial institutions, net positive exposure to securities lending to other financial institutions and net positive exposure of over-the-counter derivatives with financial institutions.³ As of June 30, 2014, combined OneWest and CIT had only \$10.6 billion in funds deposited with other financial institutions, \$1.4 billion in funds lent to other financial institutions, held \$2.3 billion in securities issued by other financial institutions, had no net positive exposure to securities financing transactions with other financial institutions, had no net positive exposure to securities lending to other financial institutions and had only \$9 million of net positive exposure in over-the-counter derivatives outstanding with other financial institutions.

¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

² CIT has defined wholesale funding for purposes of this analysis as including secured and unsecured debt, Federal Funds purchased and Repos but excluding all deposits.

³ The Federal Reserve's form for large banking organizations to report systemic risk data, Banking Organization Systemic Risk Report – FR Y-15 (the "Systemic Risk Reporting Form"), includes specific elements of intra-financial system assets and liabilities and the consideration of securities outstanding.

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Fourth, neither OneWest nor CIT has a significant amount of intra-financial system liabilities. Intra-financial system liabilities include deposits by other financial institutions, net negative exposure of securities financing transactions with other financial institutions and net negative exposure of over-the-counter derivatives with other financial institutions.⁴ As of June 30, 2014, combined OneWest and CIT held \$1.5 billion in deposits from other financial institutions, had no net negative exposure of securities financing transactions with other financial institutions and had only \$24 million of net negative exposure in over-the-counter derivatives with other financial institutions.

Fifth, as of June 30, 2014, combined CIT and OneWest have only \$48.8 billion in securities outstanding. Securities outstanding are made up of secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificates of deposit, common equity, and preferred shares and other forms of subordinated funding.

Sixth, because CIT and OneWest engage in minimal derivatives activities, the aggregate level of derivative activities is also well below any level that should be of concern. As of June 30, 2014, CIT had approximately \$6.7 billion of notional amount of derivatives outstanding, largely foreign currency forward contracts and interest rate and total return swaps, and another \$2.2 billion of back-to-back contracts for customer-related derivatives. OneWest had approximately \$3.2 billion of notional amount of derivatives outstanding, largely comprised of interest rate swap agreements, and another \$2.0 billion of back-to-back contracts for customer-related derivatives. Moreover, the derivatives activities of CIT and OneWest are primarily used to hedge various types of risk, such as interest rate risk, and are not intended for speculative investment.

⁴

See Systemic Risk Reporting Form.

CONFIDENTIAL EXHIBIT 8

Pro Forma Asset and Securities Portfolio

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**Pro Forma Overview of CIT Group's and IMB's Involvement in Certain
Financial Products and Markets on a Pro Forma Basis¹**

CIT Group and IMB conducted a review of their participation in certain identified financial markets. As of or for the 12 month period ended June 30, 2014 (as applicable), on a pro forma basis,² CIT Group's and OWB's involvement in each of the following financial products/markets is set forth below:

Trade letters of credit (average amount of guarantees outstanding during 12 months ended June 30, 2014)		
Commercial L/Cs		(b)(4)
Financial Standby L/Cs	\$	
Deferred Purchase Agreements	\$	
Total	\$	
Derivatives trading (average total outstanding notional amount traded for third parties during 12 months ended June 30, 2014)	\$	
Derivatives (approximate total notional amount held as of June 30, 2014)	\$	
Mortgage servicing (average total balance of outstanding principal serviced for third parties during 12 months ended June 30, 2014)	\$	
Asset management (average total balance managed for third parties during 12 months ended June 30, 2014)	\$	

¹ Terms used herein have the same meaning as in the Preliminary Statement to the Application.

² The amounts presented in this Exhibit reflect the simple sum of the separate consolidated amounts of each category held by CIT Group or IMB as of the date and for the period set forth above.

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As of June 30, 2014, on a pro forma basis (see footnote 2 above), CIT Group's and OWB's involvement in each of the following financial products/markets did not exceed \$1.0 billion:

- Prime brokerage services (calculated based on average of total client balances)
- Securities lending
- Commercial paper underwriting
- Asset-backed commercial paper underwriting
- Corporate bond underwriting
- High-yield bond underwriting
- Seasoned offering underwriting
- Initial Public Offering underwriting
- Municipal bond underwriting
- Agency debt underwriting
- Agency MBS underwriting
- Private label ABS underwriting
- Tri-party repo dealing (calculated based on average daily balance)
- Clearing and settlement
- Foreign exchange swaps (calculated based on average notional amount of dollar-facing swaps outstanding)
- Commodities trading (calculated based on total volume traded for third parties)
- Securities custody (calculated based on average of total value under custody)
- Corporate trust (calculated based on average of total value in trust)
- Reinsurance (calculated based on notional value of all policies)

CONFIDENTIAL EXHIBIT 9

**CRA Plans of CIT Bank and OneWest Bank, National
Association**

CONFIDENTIAL EXHIBIT 9

SECTION A: CIT Bank CRA Plan

CIT Bank

COMMUNITY REINVESTMENT ACT
STRATEGIC PLAN
2013 - 2017

January 2013

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**CIT Bank Strategic Plan
Community Reinvestment Act
January 2013**

SECTION I. INTRODUCTION

A. CIT Bank Profile

CIT Bank (“Bank”) was chartered as a State of Utah Industrial Bank in October 2000. With the approval of the Federal Deposit Insurance Corporation (“FDIC”), the Bank modified its charter in December 2008 and is a State chartered non-member bank.

The Bank is located at 2180 South 1300 East, Suite 250, Salt Lake City, Utah 84106 and currently employs approximately 640 people nationwide including 33 people in the Salt Lake City main office.

The Bank is a non-traditional bank specializing in commercial credit products (loan and lease) and non-consumer deposits. Starting in August 2011, the Bank began offering direct to consumer deposit products utilizing the Internet as the sole delivery channel for account opening. The Bank does not operate a traditional bank lobby or branches with in-person contact such as teller or drive-up window services.

The Bank is chartered by the Utah Department of Financial Institutions (“UDFI”) and is regulated at the state level by the UDFI. The FDIC insures the Bank’s deposits and is the Bank’s primary federal banking regulator. This Strategic Plan is presented for CIT Bank.

B. Overview of the Bank Holding Company

Founded in 1908, CIT (NYSE: CIT) is a bank holding company with more than \$33 billion in financing and leasing assets. A member of the Fortune 500, it provides financing and leasing capital and advisory services to its clients and their customers across more than 30 industries. CIT maintains leadership positions in small business and middle market lending, factoring, retail finance, aerospace, equipment and rail leasing, and global vendor finance. CIT also operates CIT Bank (Member FDIC), its primary bank subsidiary, which, through its online bank BankOnCIT.com, offers a suite of savings options designed to help customers achieve a range of financial goals. cit.com

SECTION II. COMMITMENT TO CRA

A. CIT Bank Early CRA Efforts

As a federally insured depository institution, the Bank is subject to the Community Reinvestment Act (codified at 12 U.S.C. §§ 2901-2908 (2006) ("CRA")), which requires banks to identify and help meet the credit needs of its entire community, including low-to moderate-income ("LMI") individuals and geographies. The Bank since inception has recognized the importance of CRA and has developed and implemented an annual CRA plan to meet the needs of its community and provide a satisfactory CRA rating.

The Bank commenced operations on October 20, 2000 and has operated under a "limited purpose" CRA designation since July 30, 2001. As such, the Bank was evaluated with respect to its CRA performance based on its qualified community development activities. The FDIC has evaluated the Bank three times as a "limited purpose" bank. The FDIC's CRA performance evaluations for CIT Bank are posted on the FDIC's website at:

http://www2.fdic.gov/crapes/2010/35575_101115.PDF	(November 2010)
http://www2.fdic.gov/crapes/2008/35575_080512.PDF	(May 2008)
http://www2.fdic.gov/crapes/2002/35575_021028.pdf	(October 2002)

With recent changes in the Bank profile, including the expansion of products, services and delivery channels, the FDIC revoked the Bank's Limited Purpose CRA designation. Through discussions with the FDIC and the Bank Executive Management Team, the Board concluded that a "community development" evaluation within the context of a CRA "strategic plan" would be the most appropriate method for the FDIC to evaluate the Bank's CRA performance, especially in light of the limited nature of the Bank's products and services and the fact that the Bank does not serve retail customers in the traditional manner. The Bank performed extensive research, community outreach, needs assessment and corresponding analyses in conjunction with formulating this strategic plan on behalf of the Bank.

B. CRA Governance

1. Board of Directors and CRA Committee

The Bank's CRA Program is under the direction of the Bank's Board of Directors which has established a CRA Committee with membership of the following Bank stakeholders:

- CRA Officer (Chair)
- President
- Chief Financial Officer
- Chief Credit Officer
- Chief Compliance Officer
- Chief Risk Officer
- Retail Deposits Operations Officer

The CRA Committee has advisory members. The CRA Committee will meet regularly to demonstrate involvement in and oversight for the Bank's CRA activities. Minutes from the CRA Committee will be made available to the Board of Directors.

The CRA Committee operates under a formal charter that is approved by the Bank Board of Directors. It reviews and makes recommendations regarding the Bank's proposed CRA Measurable Goals. However, it is the full Board of Directors of the Bank that makes the final approval decisions regarding the Bank's proposed measurable goals for inclusion in the Bank's CRA Strategic Plans.

See Appendix M for more information on the Bank CRA Governance structure.

2. Bank Management

At the management level, the Bank currently employs one full-time CRA Officer with extensive experience in the financial institutions industry, particularly in the areas of affordable housing, community development financing, regulatory, and community services aspects of the financial services market, with a primary emphasis in the State of Utah. The CRA Officer is charged with implementing the Bank's CRA Strategic Plan, coordinating all Bank CRA activities, and making comprehensive reports to the CRA Committee and Board of Directors on a regular basis.

The Bank's CRA Officer is actively engaged in the community, with an emphasis on finding and developing new or expanded ways to help meet community needs in a safe and sound, commercially reasonable manner. The Bank's CRA Officer also performs extensive due diligence regarding all proposed CRA loans, investments and donations. The Bank's senior management team is involved in Bank CRA efforts including service on the Board of Directors of various non-profit organizations. In fact, Bank employees at all levels participate in community development service activities such as teaching financial literacy to low- and moderate-income children.

SECTION III. ASSESSMENT AREA

The Bank has designated Salt Lake County, Utah, as the Bank's CRA assessment area (Appendix B). The Bank's headquarters is located in Salt Lake City, Utah, with no branches. The Bank has lending and support operations primarily located in Florida, New York, and New Jersey. The Bank currently has no definitive plans for any branches or deposit-taking retail service facilities outside of Salt Lake County. In 2013, it is considering the opening of a branch in Salt Lake City, which is the most populous county in Utah. The branch will offer retail and commercial deposit products and commercial lending products. The assessment area will remain the same for this branch as the Bank headquarters. Once the branch in Salt Lake City is approved and opened, the measurable goals outlined herein will remain the same. The Bank will comply with all regulatory requirements required for a branch opening. In the future, if the Bank does create additional branches outside this assessment area, it will amend the Strategic Plan to reflect branching activity and the performance context in additional assessment areas and will follow the process for public participation and FDIC approval. The designation of Salt Lake County does not arbitrarily exclude any low- or moderate-income areas.

CIT Bank has earnestly strived to fulfill its CRA responsibilities in its assessment area, and has been consistently proactive in helping to identify and create new CRA opportunities in Salt Lake County and in Utah.

CIT Bank will continue its diligent efforts in its designated assessment area. The Bank anticipates, however, that largely due to the community development nature of its CRA Program and the large number of banks located in Salt Lake County, many of the Bank's CRA activities will benefit a broader statewide or regional area that includes the Bank's assessment area, the entire state of Utah, the western United States including Arizona, Colorado, Idaho, Nevada, and Wyoming. The Bank will use its best efforts to identify community development lending and service and qualified-investment opportunities in its Assessment Area. After it has exhausted its efforts in the Assessment Area it will seek opportunities on a state-wide and regional basis to meet its measurable goals.

SECTION IV: PUBLIC PARTICIPATION

CIT has gone to significant lengths to assess needs and to seek public participation in development of this 2013-2017 CRA Strategic Plan. The FDIC regulations governing public participation fall into two categories: (1) the informal seeking of public participation in the development of the proposed strategic plan, and (2) the formal solicitation of public comment by publication in a newspaper of general circulation in the assessment area. The Bank has complied fully with both sets of requirements.

A. Public Participation and Informal Suggestions

CIT Bank has informally sought input and suggestions from a myriad of sources, including 24 entities representing a broad cross section of community development organizations within Salt Lake County. Appendix C details community contacts that provided permission to be included in the Plan. Space does not permit a discussion of each entity and the results of each interaction, but the categories of entities providing input to CIT Bank are outlined below:

- Affordable Housing Developers
- Housing Authorities
- State and Regional CDFIs and Consortia Loan Funds
- Low Income Housing Tax Credit Syndicators
- Homebuyer, Credit and Financial Literacy Educators
- Non-profit Community Service Providers
- Small Business Capital and Loan Funds
- State and National Governmental Programs
- City, County and State Community Development Representatives

CIT Bank developed a needs assessment survey and invited twenty-four (24) organizations to participate. Twenty-one (21) organizations returned the survey and provided information regarding:

- Organization mission
- Demographics served
- Greatest challenges
- Priority of needs and opportunities in primary service area
- Priority of critical areas observed
- Priority of products and services needed from the banking industry

The top three areas of opportunity identified by participating organizations (in order of priority) are:

1. Grants
2. Capacity Building
3. Community Development Loans

Additionally, the top five critical needs identified by participating organizations (in order of priority) are:

1. Affordable Housing
2. Poverty
3. Homelessness
4. Unemployment
5. Community Development

CIT Bank notes that these five areas overlap to a significant extent with the issues identified in the Executive Summary of the Salt Lake County Consortium Consolidated Plan 2010 – 2015 (Appendix G). The Bank will primarily focus its CRA Program to direct CRA activities and resources in these areas of need within the community. Additionally, through contact and meetings with community stakeholders and information identified in the performance context, CIT Bank identified an additional critical need for foreclosure counseling. CIT Bank will also focus its efforts on this critical need.

B. Formal Public Comment Process

The Bank will solicit formal public comment on its Strategic Plan by publishing notice in at least one newspaper of general circulation in the Bank's assessment area, as required by 12 C.F.R. §345.27(d)(2). Proof of publication of request for Public Comment will be included in the Strategic Plan (Appendix J).

SECTION V. CRA PERFORMANCE CONTEXT

The FDIC applies the various CRA tests and standards in the context of seven factors collectively referred to as a bank's CRA "performance context." The FDIC also considers whether to approve a proposed strategic plan within those same "performance context" factors (12 C.F.R. §345.21(b)). The elements of the Bank's CRA performance context are discussed throughout this document. A summary of the factors outlined in 12 C.F.R. §345.21(b)(1) – (7) follows:

A. Demographic and Other Relevant Data (12 C.F.R. §345.21(b)(1))

Demographic Data on Median Income Levels, Distribution of Household Income, Nature of Housing Stock, Housing Costs, and Other Relevant Data (12 C.F.R. §345.21(b)(1))

(1) Median income levels and distribution of income. The 2010 US Census and the American Community Survey shows the MSA median family income (MFI) for Salt Lake County at \$68,010.

Table 1 reflects the distribution of consumer income for Salt Lake County as determined by the 2010 U.S. Census and the American Community Survey.

Table 1 – Median Family Income

<i>Income Category</i>	<i>MFI Criteria</i>	<i>Income Threshold</i>
Low	< 50%	Up to \$34,004
Moderate	50% up to < 80%	\$34,005 to \$54,407
Middle	80% up to < 120%	\$54,408 to \$81,611
Upper	120% +	\$81,612 +

Table 2 reflects the census tract income and population breakdown of Salt Lake County as determined by the 2010 US Census and the American Community Survey.

Table 2 – Salt Lake County Census Tract Characteristics

<i>Census Tract Income Level</i>	<i># of Tracts</i>	<i>% of Tracts</i>	<i>Population</i>	<i>% of Population</i>
Low	12	5.71	48,166	4.70
Moderate	41	19.52	190,476	18.57
Middle	97	46.19	508,259	49.55
Upper	60	28.57	278,914	27.19
Total	210	100	1,025,815	100

Source: 2010 US Census

(2) Nature of housing stock and housing costs. On a national scope, housing construction remains depressed due to the real estate boon prior to 2008. The 2011 Economic Report to the Governor (Appendix E, p. 10) provides commentary by Ken Rogoff of Harvard University saying that "given the number of households in

America, the housing stock has a surplus of 2 million units over and above what is required to house people and have a normal amount of vacant housing. The slow economy and high unemployment rate make the situation worse by lowering the amount of household formation that would normally occur.” Rogoff goes on to comment that if the labor market were operating normally, up to 200,000 more households would be forming. In addition, he feels that it will take up to two years for housing stock to return to normal given the current demographic situation.

On a statewide level, Utah tends to fare better than states across the U.S., but international financial crises in Europe will continue to affect households, business, and governments across America. While housing starts are at record lows nationally, housing starts in Utah are climbing slowly to 40% above the low levels reached in 1989. Home sales, on the other hand, have been up and down with an overall decline since 2006. At its peak, homes sales were at 4,000 compared to 2,500 in August 2011. The State of Utah has also experienced a decline in home prices. *“The median home price in Utah, as reported by the Utah Association of Realtors (UAR), declined from a peak of almost \$220,000 in May 2007, to just above \$170,000 in August 2011, or more than 20%, on a seasonally adjusted basis. The UAR prices are for all homes, both existing and newly constructed”* (Appendix E, p.15). A primary reason for the decline is due to distressed properties selling at deep discounts.

In a recent volume of the “Utah Economic and Business Review” (Appendix F), James A. Wood, Director of the University of Utah’s Bureau of Economic and Business Research, noted the following for the Salt Lake Board of Realtors:

- In 2011, seven out of ten homes sold in Salt Lake County were affordable to the median income household. Despite the affordability of homes, sales have been slow due to constrained sales, uncertainty in the job market, and falling house prices.
- Utah has residents who typically prefer home ownership as a long-term investment. The average value of homes has increased over the last 30 years from \$175,700 in 1980 to \$234,931 in 2011 (which includes falling home prices in the last four year and in the 1980’s). In Salt Lake County, 25 percent of households in owner-occupied homes are mortgage-free.
 - The sales price of a home in Salt Lake County rarely declines; however, over the last 56 years, prices have declined 10 times including during the most recent four years. The average nominal price of a home sold in Salt Lake County declined by 25 percent to 26 percent as reported by the National Association of Realtors and the Federal Housing Finance Agency over the last four years.
 - Declining prices have impacted home equity for homeowners creating an underwater situation. Of the 480,000 mortgage loans in Utah, 124,000 have a status of negative equity or near negative

equity (within five percent of negative equity). These homeowners are effectively stuck in their homes.

- Combined short sales and real estate owned (“REO”) sales have increased by 13 percent over 2010. Distressed sales such as these represent 30 percent of home sales in 2011 in Salt Lake County. The median price of a short sale is \$175,625 and an REO is \$149,950 in 2011. The overall median sales price in Salt Lake County is \$199,000.
- New home construction is down 76 percent from the peak of home-building in 2005. Existing home sales are up to 9,300 in 2011, an increase of 9 percent over 2010 numbers. To compare existing home sales to new construction, in 2011, existing homes sales were seven times higher than new home construction in Salt Lake County. Historically, this ratio is 2:1.
- Job growth is on the rise in Utah with the labor market expected to grow by 30,000 jobs in 2012. Interest rates are expected to remain low along with low housing prices. These conditions will lead to increased home buyer confidence which may stimulate housing demand. Home prices will continue to face downward pressure from REO and short sales and sales prices in Salt Lake County will continue to decline further by three to five percent in 2012.

A view of the rental housing market shows that this is a critical component of housing both locally and nationally. The Executive Summary of the Salt Lake County Consortium Consolidated Plan for 2010 – 2015 (Appendix G) states that nationally 32.6 percent of households are renters as of 2009, but that in the next ten years this percentage will grow to 36.5 percent. Locally, in Salt Lake County, *“the number of apartment units receiving building permits was up 50 percent in Salt Lake County...in 2009. Apartment units accounted for 53 percent of all new residential construction in 2009 in Salt Lake County.”* The report goes on to say *“Although any threat of overbuilding in the rental market has been held in check by the long-term (2000-2007) low level of new apartment construction nevertheless vacancy rates are on the rise. The recession has hurt the rental market. Apartment managers report that job losses are driving up vacancy and turnover rates.”*

(3) Other relevant data, including assessment area’s economic outlook. The Salt Lake County 2012 Budget-in-Brief (Appendix H) identifies taxable sales for the County has two years of consecutive gains with an outlook in 2012 of a modest increase. These gains are based on three primary reasons: first, Salt Lake County residents are spending more due to job gains in 2011; second, Salt Lake County and Utah businesses were expanding in 2011 with purchases of new equipment and hiring of more employees; third, the construction of resident homes and commercial buildings, especially multifamily housing. An area that may slow growth is the effect of the European debt crisis affecting Salt Lake County exports and federal government cutbacks which may impact the local economy.

On a more micro sense the quality of life for low-income residents is not as positive as the overall economic forecast for the County. The Housing Authority of the County of Salt Lake conducted a quality of life survey in Q2-2011 (Appendix I) assessing clients they serve. Areas measured include transportation options, health and safety, social and emotional health, family relations and parenting, personal income, employment, child-care, adult education and development, and youth education. Significant findings are focused in three areas: Health insurance, personal income, and employment.

Most respondents (86.2%) have some form of health insurance with the majority relying on Medicaid (73.8%) and 13.8% not having any insurance. This amount is lower than the national rate (16.7%) and the state rate (14.8%).

In the area of personal income, 28.9% of respondents say they had adequate income to meet their family needs for the past three months. The majority of respondents state they used a budget, but the frequency was low.

In regards to employment, 75.6% reported being unemployed, but when they were employed, wages were less than \$10/hour. Respondents stated that in the last year, wages have not increased but rather stayed the same or decreased. Also childcare is an important consideration in job decisions. The majority of respondents said they could not afford childcare. Of those employed, almost a third of the respondents said they were late or missed work due to childcare issues.

Another major issue in Salt Lake County and statewide is foreclosures. As mentioned previously, distressed homes sales represent a significant percentage of total home sales. These types of sales are a result of foreclosures, among other issues. Efforts are provided by federal agencies, state agencies, and non-profit organizations to provide foreclosure counseling to benefit homeowners that are delinquent on loans. Research has shown that foreclosure counseling is beneficial to help borrowers avoid foreclosure. The Research Institute of Housing America, the research-based company of the Mortgage Bankers Association suggests that borrowers working with HUD-approved agencies have a 57.5% increased probability of receiving a modification compared to borrowers not working with a HUD-approved agency. The Urban Institute also found that housing counseling improved a borrower's ability to stay current once they cured serious delinquency or foreclosure.

B. Product Offering and Business Strategy (12 C.F.R. §345.21(b)(3))

Bank's Product Offering and Business Strategy as Determined from Data Provided by the Bank (12 C.F.R. §345.21(b)(3))

CIT Bank's main business is to offer deposit products and services through BankonCIT.com and loan products to commercial customers, the vast majority of which do not reside in the Bank's assessment area. However, the Bank still makes very few direct loans in its designated assessment area *except* for those made in conjunction with CRA which are community development loans. Accordingly, the Bank will continue

to pursue a “community development” strategy for complying with CRA by offering community development loans and services and qualified investments.

C. Lending, Investment and Service Opportunities (12 C.F.R. §345.21(b)(2))

Information regarding lending, investment, and service opportunities in the Bank’s assessment area (12 C.F.R. §345.21(b)(2))

CIT Bank engaged a number of community development organizations, government agencies, and community advocates in developing an assessment of needs in the Bank’s assessment area related to lending, investment, and service opportunities. In addition, the Bank reviewed and analyzed reports provided by government and community development organizations to assess needs within the Assessment Area or a broader statewide or regional area that includes the Bank’s Assessment Area. These reports include The 2011 Economic Report to the Governor at (Appendix E); the “Salt Lake County Real Estate Market: Current Conditions and Forecast for 2012” article found in the Utah Economic and Business Review, 2011, Volume 71, Number 4 at (Appendix F); the 2012 Executive Summary, Salt Lake County Consortium Five-Year Consolidation Plan 2010-2015 at (Appendix G); the Salt Lake County 2012 Budget-in-Brief at (Appendix H); and, the Executive Summary, Housing Authority of the County of Salt Lake (HACSL) FY 2010 Quality of Life Survey Results at (Appendix I).

Although select opportunities exist within Salt Lake County for community development loans, investments, and services the ability by banks to participate is limited due to the large number of banks, both federally- and state-chartered, within the State of Utah. According to the Utah State Department of Financial Institutions, there are 68 banks within the State of Utah. According to the FDIC Summary of Deposits webpage, <http://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=2&sCounty=all>, there are 251 FDIC insured offices that hold \$264B in deposits which represents 89.8% of market share of deposits within Salt Lake County as of June 2011.

Federal banking regulators have also recognized the limited opportunities in Salt Lake County as described in CRA performance evaluations for banks. In the GE Capital Financial Inc. performance evaluation dated November 2008 (Appendix D), the FDIC states “There is strong competition for financial services in Utah. The bank operates in a highly competitive market. GECFI faces competition from 58 financial institutions in Salt Lake County for deposit market share.” The OCC also states from the performance evaluation for Morgan Stanley Bank, N.A. dated January 2010 (Appendix D) that “MSBNA operates in a highly competitive environment with 58 FDIC insured institutions located in the AA. All of these financial institutions compete for a limited supply of qualified CD opportunities in Salt Lake County and Utah as a whole to satisfy their CRA obligation. The opportunity for any one of these institutions to get any sizeable portion of qualified loans or investments benefiting the AA is limited.”

The Bank plans to work with existing community partnerships and identify new organizations and new community development opportunities in Salt Lake County and on a regional basis as needed including but not limited to the following:

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- Construction and permanent financing of multifamily rental properties servicing low- to moderate-income persons
- Loan, investment and service opportunities with Community Development Financial Institutions, New Markets Tax Credit-eligible Community Development Entities, and community loan funds or pools, and low-income credit unions that primarily lend or promote community development
- Loans greater than \$1 million in Small Business Administration's 504 Certified Development Company Program
- Providing technical assistance on financial matters to non-profit or government organizations serving low- and moderate-income housing or economic revitalization and development needs specifically through:
 - Serving on loan review committees;
 - Assisting in marketing financial services through publications, workshops and conferences; and,
 - Assisting in fundraising, including soliciting and arranging investments
- Investments in Small Business Investment Companies (SBICs) or qualified community development companies that promote economic development by financing small businesses
- Investments in federal, state, or municipal fixed-income investments that specifically support affordable housing or other community development areas

D. Institutional Capacity and Constraints (12 C.F.R. §345.21(b)(4))

Institutional capacity and constraints, including the size and financial condition of the Bank, economic climate, safety and soundness limitations, and any other factors that significantly affect the Bank's ability to provide lending, investments, or services in its assessment area(s) (12 C.F.R. §345.21(b)(4))

CIT Bank, because of its rapid growth over the last several years has faced significant challenges in creating and implementing a sizable CRA Program. Constraints include:

- non-traditional nature of the Bank (e.g. no branches, no retail lending services, etc.);
- non-traditional way in which the Bank's limited loan and deposit products are marketed and offered; and
- relatively small size of the Bank's CRA staff.

Additional capacity and constraint issues continue to exist with regard to the Bank's assessment area, including the relatively limited community development loan and investment opportunities in the Bank's assessment area, and the large number of financial institutions vying for CRA opportunities in the Bank's assessment area (Appendix D).

E. Performance (12 C.F.R. §345.21(b)(5))

The Bank's past performance and the performance of similarly situated lenders (12 C.F.R. §345.21(b)(5))

1. CIT Bank's Past CRA Performance.

CIT Bank has been in existence since October 2000 and has a satisfactory CRA performance. The Bank has had three CRA examinations of which two "satisfactory" ratings were received and one "needs to improve" rating was received. In the latest FDIC CRA evaluation from November 2010, the Bank received a "Satisfactory" CRA rating wherein CIT Bank adequately addressed the needs of its assessment area.

The Bank's performance over the last three years demonstrates consistent community development investment year over year on a percent of CRA assets to average bank assets with a significant increase in 2012. The Bank has invested in a variety of loans and investments to achieve a performance as set forth below:

Year	New CRA Loans and Investments	CIT Bank Total Average Assets	New CRA Assets as % of Average Bank Assets
2010	\$25,507,410	\$7,800,230,000	0.33%
2011	\$11,352,193	\$7,330,697,000	0.15%
2012	\$80,184,287	\$9,989,913,000	0.80%

The Bank's CRA performance during its last CRA review focused on "community development," and included activities in each of the four sub-categories of "community development," as defined by the FDIC:

- 1. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;*
- 2. Community services targeted to low- or moderate-income individuals;*
- 3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or*
- 4. Activities that revitalize or stabilize:*
 - a. low-or moderate-income geographies;*
 - b. designated disaster areas; or*
 - c. distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and the Office of the Comptroller of the Currency .*

12 CFR §345.12(g)(1)-(4).¹ The Bank's affordable housing activities have included working with community partners and intermediaries whose primary mission focuses on

¹ The Interagency Questions & Answers Regarding Community Reinvestment Act ("Interagency Q & As") promulgated jointly by the four federal banking regulators¹ clarify that "community development" is not limited to activities that promote economic

addressing the housing needs of low- to moderate-income individuals, with an emphasis on expanding the capacities of those organizations as appropriate:

- loans to non-profit intermediaries for the development of affordable multi-family rental housing
- investments with third party intermediaries for the purchase of multifamily, single-family affordable housing units for qualified low- or moderate-income renters or buyers
- purchase of bonds issued by Utah Housing Corporation, the largest provider of affordable housing assistance in Utah
- purchase of mortgage-backed securities ("MBS") pools consisting of mortgages made to LMI individuals, which provides essential liquidity for the banks making the mortgages directly

The Bank's activities in the category of community services targeted to low- or moderate income individuals include the following:

- numerous donations to non-profit entities that provide essential services related to affordable and transitional housing for the homeless, self sufficiency and education, elderly and child care, job training and development for the disabled, and legal assistance for the benefit of low- or moderate-income individuals or geographies
- leadership service on Boards and Committees of non-profit organizations that provide services related to affordable housing, individuals with physical and intellectual disabilities, individual development accounts, and other community development services

The Bank's efforts in regard to activities that promote economic development by financing small businesses and also activities that revitalize or stabilize low-or moderate-income geographies, designated disaster areas and others, include the following:

- loans to non-profit intermediaries that assist to revitalize or stabilize low- or moderate-income geographies through the use of new market tax credits
- donations to micro-credit loan fund and other organizations that support small businesses
- service on Boards and Committees of non-profit organizations that provide services related to micro-enterprise businesses and community development entities related to new market tax credits

Although CIT Bank is committed to making appropriate donations in all four categories of "community development," it believes that community development activities must go beyond charitable donations. Sustainable community development depends on bringing

in private capital through loans and investments and the Bank is committed to continue working with respected non-profit entities to assist them with more market and business-oriented thinking regarding funding.

2. Performance of Similarly Situated Lenders.

The Bank has performed an extensive analysis of similarly situated lenders and the analysis regarding their performance is set forth in the Confidential Appendix K.

F. Public File and Written Comments (12 C.F.R. §345.21(b)(6))

The Bank's Public File and any Written Comments (12 C.F.R. §345.21(b)(6))

CIT Bank's public file is maintained in compliance with the requirements of 12 C.F.R. §345.43. The Bank's CRA Notice is prominently displayed in the Bank's reception room of its main office, as required by 12 C.F.R. § 345.44. To date, the Bank's Public file contains no written comments received from the public.

SECTION VI. THE BANK'S CRA STRATEGIC PLAN AND MEASURABLE GOALS

A. Proposed Effective Date

The proposed effective date of CIT Bank's CRA Strategic Plan is retroactive to January 1, 2013 after approval by the FDIC.

B. Plan Term

The term of CIT Bank's CRA Strategic Plan covers five calendar years: 2013, 2014, 2015, 2016, and 2017. The Bank's CRA Strategic Plan sets forth annual measurable goals under which the FDIC can evaluate the Bank's performance, as required by 12 C.F.R. §345.27(c)(1).

C. Measurable Goals

The FDIC's strategic plan regulations provide flexibility regarding a bank's measurable goals, both in how the goals are expressed and regarding the three performance categories. For example, although the regulations provide that a bank should address in its plan all three performance categories and "emphasize lending and lending-related activities," they also provide that:

"[n]evertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy."

12 C.F.R. §345.27(f)(ii). Accordingly, CIT Bank believes that the appropriate emphasis for its measurable goals fall into the two categories discussed below.

1. Measurable Goals for Combined Community Development Loans, Qualified Investments and Grants.

The Bank's proposed measurable goals for combined community development lending, qualified investments and grants are set forth in Appendix A. These measurable goals consist of combined community development loan commitments and/or originations, qualified small business loans, qualified investments and grants expressed as *a percentage of the Bank's average assets for each plan year*, as opposed to percentages of the Bank's total assets at the end of each plan year. The amount for any plan year period will include (i) the total of the Bank's new community development loan commitments, qualified small business loans, qualified investments² and grants for the calendar year for either a satisfactory or an outstanding rating. The Bank's average

² As contemplated by 12 C.F.R. §345.22(c) and §345.23(c), this amount may include qualifying investments (including charitable grants and contributions) or community development loan originations and community development loan commitments or loan purchases and small business loans made by affiliates of the Bank or the Bank itself. No affiliate may claim a loan origination, a loan purchase, or qualified investment if another institution claims the same loan origination, purchase or qualified investment.

assets for any given plan year will be calculated using the amounts from line 9 of Schedule RC-K of the Bank's four Call Reports for that plan year.

The Bank believes that its proposed measurable goals for combined CRA loans and investments are appropriate and commendable in light of the "performance context" factors discussed in Section V above, including the competitive nature of CRA opportunities in Utah. In particular, the Bank's measurable goals compare favorably to the weighted average of other Utah banks with a limited purpose, wholesale or strategic plan CRA designation with assets over \$1B (Appendix K).

2. Measurable Goals for Community Development Services

The Bank's measurable goals for community development services are set forth in Appendix A. The Bank's measurable goals are expressed in terms of the number of hours spent performing qualifying community development services³, and are realistic considering the Bank's performance context and the Bank's staff size.

3. Election if Satisfactory Goals not Substantially Met

Statements about the expected future activity of the Bank and all other statements in this Plan other than historical facts constitute forward-looking statements. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and therefore, actual results may differ materially from expectations by the Bank. Therefore, the Bank elects to have the Bank's performance evaluated under the current designation it holds for CRA purposes if it fails to meet substantially the Plan's goals for a "Satisfactory" CRA rating.

³ As contemplated by 12 C.F.R. §345.24(c), the amount may include qualifying community development services provided by an affiliate of the bank, if the community development service is not claimed by any other institution.

SECTION VII. REQUEST FOR APPROVAL OF STRATEGIC PLAN

A. Regulatory Criteria for Approval

The Bank respectfully submits that it has fulfilled all of the regulatory requirements for strategic plans, including those governing development of the plan, public participation in the plan, and the plan's measurable goals. As established herein, the Bank's CRA performance context thoroughly supports the Bank's measurable goals. The Bank believes that FDIC approval of the Bank's Strategic Plan and its measurable goals as set forth in Appendix A is appropriate under the FDIC's criteria for evaluation of a strategic plan outlined in 12 C.F.R. § 345.27(g)(3)(i) – (iii):

(3) *Criteria for evaluating plan.* The FDIC evaluates a plan's measurable goals using the following criteria, as appropriate:

- (i) The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
- (ii) The amount and innovativeness, complexity, and responsiveness of the bank's qualified investments; and
- (iii) The availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of the bank's community development services.

The Bank's measurable goals meet these requirements in a number of ways. The amount, extent and breadth of the Bank's measurable goals for combined CRA loans/investments are impressive in the current context, but especially for a still relatively new financial institution in the process of implementing a comprehensive CRA Program under the Strategic Plan option. As discussed above, the Bank will continue to seek out and create new products, qualified Investments and service opportunities that will benefit the Bank's CRA assessment area, a broader statewide or regional area as defined above.

B. Request for Approval

For the reasons set forth above, the Bank respectfully requests FDIC approval of this Strategic Plan.

SECTION VIII. CONTACT INFORMATION

Any questions or comments regarding this Strategic Plan may be addressed to the following:

Dan J. Adams
Vice President, CRA Officer
CIT Bank
2180 South 1300 East, Suite 250
Salt Lake City, Utah 84106

Phone: 801-412-6828
Email: dan.adams@cit.com

APPENDICES

- A. Measurable Goals
- B. CIT Bank Assessment Area Map
- C. List of contacts participating informally in development of Strategic Plan
- D. Selected pages of various CRA Performance Evaluations
- E. 2011 Economic Report to the Governor, State of Utah
- F. "Salt Lake County Real Estate Market: Current Conditions and Forecast for 2012" Utah Economic and Business Review, 2011, Volume 71, Number 4
- G. 2012 Executive Summary, Salt Lake County Consortium Five-Year Consolidated Plan 2010 - 2015
- H. Salt Lake County 2012 Budget-in-Brief
- I. Executive Summary, Housing Authority of the County of Salt Lake (HACSL) FY 2010 Quality of Life Survey Results
- J. Proof of Publication of Request for Public Comment
- K. Analysis of CRA Performance of Select Utah Banks (this Attachment is Confidential and submitted under separate cover)
- L. CIT Bank Call Report (quarter ending 12/31/2012)
- M. CRA Governance

Appendix A: Measurable Goals

Table A-1: Combined CRA Loans, Investments and Grants

Table A-1 represents the ratio of *CRA Loans, Investments and Grants* to *Average Assets* to obtain the CRA evaluation rating as shown.

<i>Plan Year</i>	<i>Satisfactory</i>	<i>Outstanding</i>
2013 - 2017	0.32%	0.42%

The amount for each plan year period will include:

- a) For a satisfactory rating the total of new community development loan commitments or originations, qualified small business loans, qualified investments and grants for a plan year divided by the Bank's average assets as defined below to achieve the percentage or higher for a satisfactory rating.
- b) For an outstanding rating the total of new community development loan commitments or originations, qualified small business loans, qualified investments and grants for a plan year divided by the Bank's average assets as defined below to achieve the percentage or higher for an outstanding rating.

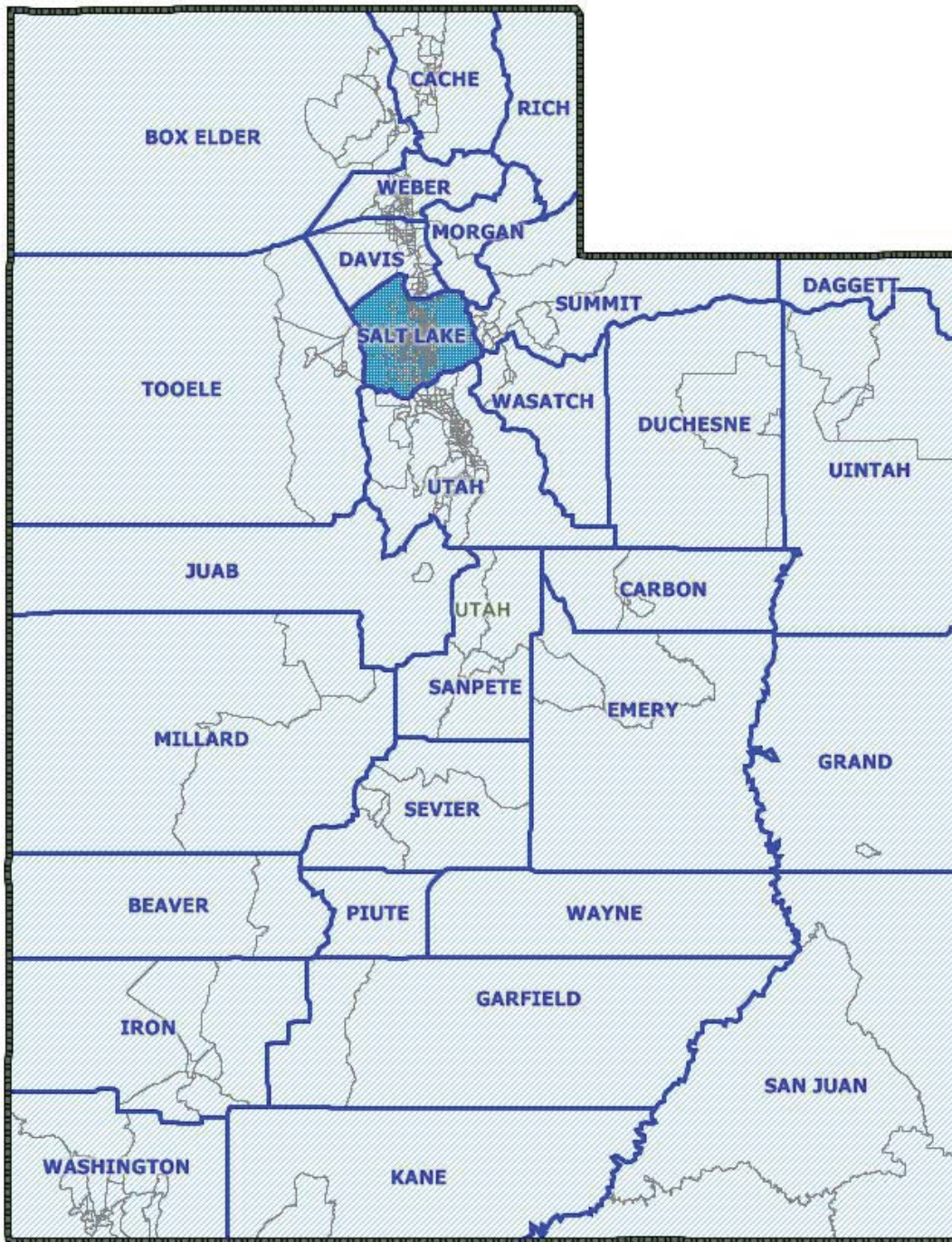
The Bank's average assets for any given plan year will be calculated using the amounts from line 9 of Schedule RC-K of the Bank's four Call Reports for that plan year.

Table A-2: Community Service Hours

Table A-2 represents the annual amount of CRA eligible service hours to obtain the CRA evaluation rating as shown. Community development service hours are counted based on service performed during each Plan Year.

<i>Plan Year</i>	<i>Satisfactory</i>	<i>Outstanding</i>
2013	261	319
2014	302	367
2015	324	396
2016	347	424
2017	374	457

Appendix B: CIT Bank Assessment Area Map



Appendix C: Strategic Plan Community Contacts

The following community contacts participated informally in the development of the CIT Bank CRA Strategic Plan and gave permission to be listed herein.

Name	Title	Organization
Preston Cochrane	President & CEO	AAA Fair Credit Foundation
Jessica Norie	Executive Director	Artspace
James Wood	Director	Bureau of Economic and Business Research, David Eccles School of Business, University of Utah
Darin Brush	Executive Director	Community Development Corporation of Utah
Caitlin Landrus	Director, Investment Management	Enterprise Community Investments
Kerry Bate	Executive Director	Housing Authority of the County of Salt Lake
Christy Tribe	Senior VP Development	Junior Achievement
Maria Garciaz	Executive Director	NeighborWorks Salt Lake
Bill Nighswonger	Executive Director	Salt Lake City Housing Authority
Michael Gallegos	Division Director	Salt Lake County Community Resource and Development
Steve Price	Deputy District Director	Small Business Administration
Michelle Flynn	Associate Executive Director of Programs	The Road Home
Bill Crim	Senior VP	United Way
Steven Graham	President	Utah Community Reinvestment Corporation
Julie Adams-Chatterly	Grant Writer	Utah Food Bank
Tara Rollins	Executive Director	Utah Housing Coalition
Kathy Ricci	CEO & Executive Director	Utah Microenterprise Loan Fund
Kathy Bray	President & CEO	Volunteers of America, Utah

Appendix D: Peer CRA Performance Evaluations

Information in this section is excerpted from CRA Performance Evaluations with an assessment area that includes Salt Lake County.

GE Capital Financial, Inc. Performance Evaluation dated November 5, 2008

http://www2.fdic.gov/crapes/2008/33778_081105.PDF

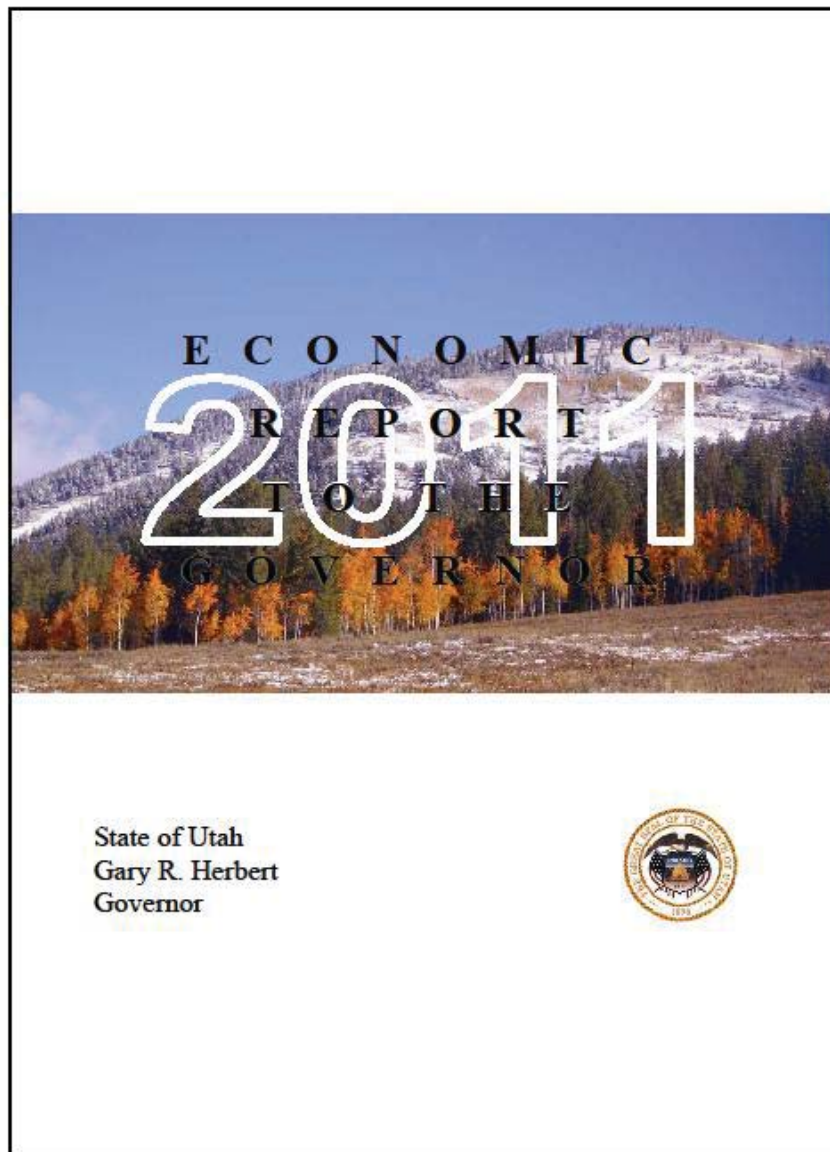
Morgan Stanley Bank, N.A. Performance Evaluation dated January 25, 2010

<http://www.occ.gov/static/cra/craeval/JUL10/24908.pdf>

Appendix E: 2011 Economic Report to the Governor, State of Utah

Information in this section is support for the Performance Context. (Click on link or embedded file)

<http://www.governor.utah.gov/dea/ERG/2011ERG.pdf>




Appendix F: Salt Lake County Real Estate Market: Current Conditions and Forecast for 2012

Information in this section is support for the Performance Context (Click on link or embedded file)

<http://www.babr.utah.edu/Documents/uebr/UEBR2011/UEBR2011no4.pdf>

Utah Economic and Business Review



2011 | Volume 71, Number 4

In this issue of the Utah Economic and Business Review we're featuring two recent studies by Bureau researchers. The first, by Research Analyst Michael T. Hogue and the Center for Public Policy & Administration, examines some of the economic impacts of the University of Utah joining the Pac-12. The second study, by Bureau Director James Wood, provides an overview and forecast of the Salt Lake County real estate market.

The Move to Pac-12: Economic Impact and Visitor Experience of University of Utah Football

Michael T. Hogue, Research Analyst

Summary

In 2011 the University of Utah joined the Pacific-12 athletic conference (Pac-12) following twelve seasons as a founding member of the Mountain West Conference (MWC).¹ The move to the Pac-12 may carry a number of benefits to the University and the state of Utah. This report presents a summary of preliminary estimates of the economic impacts attributable to the University's football program.

One of the ways the football program yields economic impacts—jobs and associated wage earnings, gross state product, and state tax revenue—to the state of Utah is through the in-state expenditures of out-of-state attendees to University of Utah football games.² A second way is through payments to the University of Utah from television networks for the right to televise games. A third way, potentially, is through improved perceptions of the state gained through visitation.

During the 2011–2012 season, the University of Utah played five home games against Pac-12 opponents. In order, these opponents

were: the University of Washington (UW), Arizona State University (ASU), Oregon State University (OSU), the University of California at Los Angeles (UCLA), and the University of Colorado (CU). A total of 321 out-of-state attendees of these games were surveyed in order to gain information about their spending patterns while in the state. Combining the survey findings with estimates of the number of out-of-state attendees, we estimate that visitors to University of Utah football games spent \$5.5 million on in-state goods and services.³ This \$5.5 million injected into the Utah economy from the citizens of other states gives rise to additional economic impacts through indirect effects arising out of the flow of these funds through the Utah economy.

In addition to the spending of out-of-state visitors, funds are brought into the state when the University receives payments for the right to televise the games. Such revenues are expected to be \$3 million for the 2011–2012 season, gradually climbing to \$15 million for the 2014–2015 season as the University's share in television revenues increases from partial to full. As a member of the MWC the University received \$1.2 million per season for television rights.⁴ Increased television revenues are clearly a major benefit of joining the Pac-12. Like the expenditures of out-of-state visitors, television revenues represent an injection into the state economy that creates additional indirect economic impacts.

The estimated total economic impacts to the state, both direct and indirect, are given in Table 1. In this table the impacts are divided according to whether the source of impact is out-of-state visitors (Visitors) or television revenues (Television). The impacts are measured by the number of supported jobs (Jobs) and associated earnings (Earnings), gross state product (GSP), state economic output (Output), and state tax revenue (State Tax Revenue).⁵ Visitor spending is seen to support about 121 jobs with total earnings of \$3,056,844 and \$310,086 of state tax revenues.

1. Prior to entering the MWC as a founding member in 1999, the University of Utah had belonged to the Western Athletic Conference (WAC) since joining as a founding member in 1962. Prior to WAC the University belonged to the Mountain States Conference since its founding in 1938.

2. In this report, we use the phrase “out-of-state attendees” to refer only to out-of-state attendees who are fans of the opponents. The economic impacts and visitor perceptions are based only on this subset of out-of-state attendees since ticket sales information is not available for out-of-state attendees who are fans of the Utes. The impacts of out-of-state attendees who are fans of the Utes are in addition to those presented in this report.

3. The University makes tickets for fans of the opposing team available through that team's ticket office. These ticket sales were provided to us by the University of Utah's Athletics Department for each of the five Pac-12 home games in the 2011–2012 season. Although ticket sales through opposing universities serve as our measure of the number of out-of-state attendees, we note that since tickets are also available through secondary sources, the actual out-of-state attendance and associated economic impacts are at least as great as what we report here.

4. The exact amount of television revenues under Pac-12 is still subject to some uncertainty. The amounts assumed in this study are estimates current as of the beginning of this study. See <http://tinyurl.com/87tes86>.

5. Output is the value of all goods and services produced in the economy, including the value of goods and services used as intermediate inputs in the production of final goods and services. The value of final goods and services thus embodies the value of their intermediate inputs. Subtracting the value of

Appendix G: 2012 Executive Summary, Salt Lake County Consortium Five-Year Consolidated Plan 2010 – 2015

Information in this section is support for the Performance Context (Click on link or embedded file)

http://crd.slco.org/docToPdf/2012_executive_summaryMARCH.pdf

Salt Lake County Consortium Consolidated Plan 2012

Executive Summary

This is the second year update to the 2010-15 Five Year Consolidated Plan and it also contains the annual action plan that describes how CDBG, HOME and ESG could be allocated for 2012. The U.S. Department of Housing and Urban Development (HUD) requires communities that receive any of the following grants to complete a Consolidated Plan

- ❖ Community Development Block Grant (CDBG)
- ❖ HOME Investment Partnership Grant Funds
- ❖ Emergency Solutions Grant (ESG)

This Action Plan also reviews the needs of the current economic crisis, and how the CDBG, HOME and ESG funds will be used to mitigate some of those needs.

URBAN COUNTY

The Salt Lake Urban County includes unincorporated Salt Lake County, and the cities of Alta, Bluffdale, Cottonwood Heights, Draper, Herriman, Holladay, Midvale, Murray, Riverton, and South Salt Lake.

SALT LAKE COUNTY CONSORTIUM

The Salt Lake County Consortium includes the Urban County, and the Cities of West Jordan, Sandy, Taylorsville, and West Valley. Included as part of the Salt Lake County Consortium Consolidated Plan are the Action Plans of Salt Lake County, Sandy, Taylorsville, West Valley City, and West Jordan. These action plans identify how approximately seven million dollars of Community Development Block Grant (CDBG), HOME Investment Partnership Program, and Emergency Solutions Grant (ESG) funds will be spent. Salt Lake County is the lead agency for the Urban County and the Consortium and will disperse the funds to Urban County cities and Consortium HOME program cities, respectively, as well as service providers for projects identified in the One-Year Action Plan.



The development of this five year plan comes when the national and local economies are under stress. Many of the Salt Lake County communities and households are facing tough challenges.

Salt Lake County Sustainability Grant: On October 15, 2010 it was announced that Salt Lake County was awarded a \$5 million Affordability Grant. The three-year Sustainable Communities Regional Planning Grant will fund the creation of an affordable housing plan, the study of six transit-oriented development sites, and the creation of sustainability blueprints that can be used locally, regionally and nationally.

Salt Lake County, Envision Utah, Wasatch Front Regional Council (WFRC), Mountainland Association of Governments, the Utah Department of Transportation, Utah Transit Authority, Salt Lake City, University of Utah's Metropolitan Research Center, the U.'s Bureau of Economic and Business Research and the American Planning Association's Utah Chapter.

Appendix H: Salt Lake County 2012 Budget-in-Brief

Information in this section is support for the Performance Context (Click on link or embedded file)

<http://mayor.slco.org/finance/pdf/Budget/BdgtInBrief/2012BdgtInBrief.pdf>

Appendix I: Housing Authority of the County of Salt Lake FY 2010 Quality of Life Survey Results

Information in this section is support for the Performance Context (Click on embedded file)

Housing Authority of the County of Salt Lake (HACSL) FY2010 Quality of Life Survey Results Executive Summary

In the spring and summer of 2011 (April through July), the Housing Authority of the County of Salt Lake (HACSL) conducted a client survey, designed to assess various aspects of client quality of life. The purpose of the study was to identify additional areas of need. The survey was designed to assess a range of areas, including the areas listed on the Family Development Matrix: Transportation and mobility, health and safety, social and emotional health and competence, family relations and parenting, income and budget, employment, adult education and development, and children/youth education and development. Notable results from the survey are summarized below by each category.

Demographics

A total of 84 respondents completed the FY 2010 HACSL Quality of Life Survey. Four participants (two Ross and two non-Ross) indicated on the final question that they were "not honest at all" on the survey. Those respondents have been removed from the following analyses. Nearly three-quarters of the respondents (74.6%) stated the questions on the survey were "important" or "very important."

Participants were living in six HACSL public housing complexes, including Kearns, Westlake, Cyprus Park, Academy Park, Granger, and Hunter Hollow. Participants were primarily White (48.8%), with a large number of Hispanic/Latino participants as well (35.0%). The remaining participants were Black (16.3%), Native Hawaiian or Other Pacific Islander (6.3%), American Indian or Alaska Native (6.3%) and Asian (2.5%). Also, 12.5% of respondents indicated that they were multiracial (12.5%). (Percentages will not add to 100%, because respondents could select more than one.)

The majority of the respondents were female (86.7%), and the average age was between 31 and 40. Most of the respondents had children under 18 living at home (85.7%). The average number of people living in the household was 3.7, with slightly more people living in the ROSS households than in the non-ROSS households. The average number of children living in the home was 2.2, with slightly more children in the ROSS households.

Transportation Options

More respondents than expected indicated that their transportation options were Good or Very Good (46.2%). However, over half still indicated that their transportation options were only Okay (30.8%), Poor (16.7%), or Very Poor (6.4%), indicating that it is sometimes, often, or usually hard for respondents to get where they need to go.

Health and Safety

Most of the respondents had some form of health insurance (86.2%). The most commonly reported was Medicaid (73.8%), followed by Primary Care Network (PCN – 5%), private insurance (3.8%) and Medicare (3.8%). The rate of uninsured respondents in this sample (13.8%) was actually lower than the national rate (15.7%) and the Utah state rate (14.8%), as reported for

Appendix J: Proof of Publication of Request for Formal Public Comment

4770 S. 5600 W.
P.O. BOX 704005
WEST VALLEY CITY, UTAH 84170
FED.TAX I.D.# 87-0217663
801-204-6910

The Salt Lake Tribune
www.sltrib.com

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www.mediastudioinc.com

Deseret News
www.deseretnews.com

PROOF OF PUBLICATION

CUSTOMER'S COPY

CUSTOMER NAME AND ADDRESS	ACCOUNT NUMBER	DATE
CIT BANK, DAN ADAMS 2180 SOUTH 1300 EAST SALT LAKE CITY UT 84106	9001345850	2/18/2013

ACCOUNT NAME			
CIT BANK,			
TELEPHONE	AD ORDER#	INVOICE NUMBER	
8014126828	0000858527	/	
SCHEDULE			
Start 02/16/2013		End 02/16/2013	
CUST. REF. NO.			
Req for Comments			
CAPTION			
NOTICE OF REQUEST FOR COMMENTS CIT Bank, a Utah State chartered non-member bar			
SIZE			
32	Lines	1.00	COLUMN
TIMES		RATE	
4			
MISC. CHARGES		AD CHARGES	
		TOTAL COST	
		58.76	

NOTICE OF REQUEST FOR COMMENTS
CIT Bank, a Utah State chartered non-member bank with deposits insured by the Federal Deposit Insurance Corporation, has developed a proposed Strategic Plan to fulfill the Bank's responsibilities under the Community Reinvestment Act. By this notice, public comment is solicited on the proposed Strategic Plan. A copy of the non-confidential portions of the proposed Strategic Plan may be reviewed at no cost at 2180 South 1300 East, Suite 250, Salt Lake City, Utah 84106. A copy of the non-confidential portions of the Strategic Plan may also be requested by telephone or by mail. Comments regarding the proposed Strategic Plan may be directed to Dan Adams at the address above at 801-412-6828. The public comment period expires 02/16/2013. UPAMP

AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY COMPANY, LLC d/b/a MEDIAONE OF UTAH LEGAL BOOKER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF **NOTICE OF REQUEST FOR COMMENTS CIT Bank, a Utah State chartered non-member bank with deposits insured by the Federal Deposit Insurance Corporation, has develop** FOR **CIT BANK**, WAS PUBLISHED BY THE NEWSPAPER AGENCY COMPANY, LLC d/b/a MEDIAONE OF UTAH, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH. NOTICE IS ALSO POSTED ON UTAHLEGALS.COM ON THE SAME DAY AS THE FIRST NEWSPAPER PUBLICATION DATE AND REMAINS ON UTAHLEGALS.COM INDEFINITELY.

PUBLISHED ON Start 02/16/2013 End 02/16/2013

SIGNATURE

[Signature]

DATE

2/18/2013

VIRGINIA CRAFT
Notary Public, State of Utah
Commission # 581469
My Commission Expires
January 12, 2014
[Signature]

THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION"
PLEASE PAY FROM BILLING STATEMENT

Appendix K: Analysis of CRA Performance of Banks in Utah Market

*Omitted from Exhibit. Appendix K can be provided upon request.

Appendix L: CIT Bank Call Report (quarter ending 12/31/2012)

(Click on embedded file)

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Federal Financial Institutions Examination Council



1

**Consolidated Reports of Condition and Income for A Bank With
Domestic and Foreign Offices - FFIEC 031**

Institution Name	CIT BANK
City	SALT LAKE CITY
State	UT
Zip Code	84106
Call Report Quarter End Date	12/31/2012
Report Type	031
RSSD-ID	2950677
FDIC Certificate Number	35575
OCC Charter Number	0
ABA Routing Number	124084834
Last updated on	1/31/2013

Appendix M: CRA Governance

CIT Bank Board of Directors

1. Approve CRA Policy
2. Appoint CRA Committee and Committee Charter
3. Approve CRA Strategic Plan
4. Appoint CRA Officer
5. Ensure Bank CRA Program is administered in accordance to applicable laws and regulations

CRA Committee (Board Subcommittee)

1. Evaluate the Bank's CRA goals and performance periodically
2. Review and monitor Bank's CRA performance in meeting credit needs of assessment area Bank serves
3. Review and monitor the Bank's CRA lending, investment and service performance
4. Review and monitor the Bank's CRA outreach and marketing efforts
5. Maintain minutes of meetings and report periodically to the Board
6. Establish parameters for Bank's CRA activities

CRA Strategic Plan

1. Provides Bank's CRA Performance Context and the Bank's ability according to capacity and constraints to meet community development needs
2. Identifies Bank's Assessment Area
3. Identifies measurable CRA goals for Bank, with informal and formal public input, related to community development lending, investments and services for "satisfactory" or "outstanding" CRA rating
4. Regulatory input and approval by FDIC related to Bank's CRA performance

Bank Management and Staff

1. Implements CRA Program and meets measurable goals according to Strategic Plan with direction provided by CRA Committee and Board of Directors
2. Ensures the Bank meets the procedural requirements of CRA
3. Maintains the Bank's public file and notices in conformity with Regulation BB
4. Reports to CRA Committee and Board of Directors periodically on compliance with CRA Strategic Plan

CONFIDENTIAL EXHIBIT 9

SECTION B: OWB CRA Plan

CONFIDENTIAL TREATMENT REQUESTED
CRA Strategic Plan 2012-2015

OneWest Bank (the “Bank”) is committed to providing banking services to the broad spectrum of consumers and households in the communities where we conduct business. Furthermore, OneWest Bank recognizes its obligation to fully satisfy the requirements of the Community Reinvestment Act (“CRA”) by providing relevant financial services to low and moderate income (“LMI”) consumers in its assessment area. OneWest defines our assessment areas (“AAs”) as follows:

- Los Angeles-Long Beach-Glendale, CA MD (full-scope)
- Oxnard-Thousand Oaks-Ventura, CA MSA (limited-scope)
- Riverside-San Bernardino-Ontario, CA MSA (limited-scope)
- San Diego-Carlsband-San Marcos, CA MSA (limited-scope)
- Santa Ana-Anaheim-Irvine, CA MD (limited-scope)

The Bank developed its 2012-2015 CRA lending, investment, and service targets based on the following criteria:

- The Bank’s performance context;
- Current and forecasted economic environment;
- Demographic characteristics of its AAs;
- Peer CRA performance;
- Lending opportunities within its AAs;
- Competition from other financial institutions;
- The bank’s locations, financial capacity, and branch structure;
- The bank’s product offerings and business strategy; and
- Information derived from community contacts

Performance Context for the Los Angeles-Long Beach-Glendale, CA MD Assessment Area:

Overview: Los Angeles-Long Beach-Glendale, CA MD is expected to continue to show improvements in 2013 and 2014. According to the LAEDC Kyser Center for Economic Research, personal income in Los Angeles County increased 2.4% in 2012 to \$435 billion and is expected to surpass \$470 billion by 2014. Taxable retail sales will increase by 5.9% this year and by 3.4% next year, following a 9.4% surge in 2012. Both of these indicators suggest that the local consumer sector is on the mend.

To date, there is a lot of competition for community development activity in the region with over 150 institutions vying for community development transactions. OneWest Bank competes with banks, thrifts, and other financial institutions that have established records and expertise sourcing, structuring, and financing community development initiatives. The Bank will continue to focus on community development opportunities that align with its business strategy while addressing the housing, economic, and social needs in this market.

1. Bank Presence and Market Competition

- a. As of June 30, 2012, there were 2,481 competing branch offices of 150 commercial banks and thrifts with over \$343.4 billion in deposits operating in the Los Angeles-Long Beach-Santa Ana, CA MSA. As of this date, OneWest Bank has 67 branches in the Los Angeles-Long Beach- Santa Ana, CA MSA. The Bank has 3.86% of the market share of deposits.

CONFIDENTIAL TREATMENT REQUESTED
CRA Strategic Plan 2012-2015

2. Economic, Geographic, Demographic, and Housing Information

Demographic Information for: Los Angeles-Long Beach-Glendale, CA MD						
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	2,346	8.99 %	28.64%	26.77 %	34.02%	1.58%
Population by Geography	9,818,605	8.01%	29.43%	28.26%	33.92%	0.39%
Owner-Occupied Housing by Geography	1,552,091	2.13%	16.61%	28.64%	52.61%	0.01%
Businesses by Geography	2,346	8.99%	28.64%	26.77%	34.02%	1.58%
Family Distribution by Income Level		20.06%	17.72%	22.53%	39.68%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	L: 154,899 M: 603,256	L: 19.20% M: 20.48%	L: 18.56% M: 17.82%	L: 21.81% M: 21.46%	L: 40.42% M: 40.23%	L: 0.00% M: 0.00%
Median Family Income = \$64,800 Households below the Poverty Level = 455,018 (14.14% of households) Median Housing Value = \$526,439 Unemployment Rate 2012 = 10.1%						

3. Major Economic Trends¹

Nonfarm jobs in Los Angeles County grew at a year-over-year rate of 1.8%. This contributed to nearly a one percent decline in the annual unemployment rate, which fell from 12.3% in 2011 to 11.1% last year. The unemployment rate is expected to hit 9.7% in 2013.

The largest job gains were in leisure and hospitality, administrative and support services, and private education. These three industries combined contributed more than 60% of the jobs created last year. There is projected job growth in leisure and hospitality, health services, construction, and scientific and technical services. Job loss persists in manufacturing and the public sector, but the magnitude will be much smaller than in previous years.

¹ LAEDC Kyser Center for Economic Research

CONFIDENTIAL TREATMENT REQUESTED
CRA Strategic Plan 2012-2015

Construction is slowly ramping up. It is estimated that 4,000 single family residential building permits will be issued and 12,000 multi-family permits will be issued by the end of 2013.

International trade continues to play an important role in Los Angeles. The San Pedro Bay ports of Los Angeles and Long Beach are two of the largest container ports in the nation. A projected two-way trade increase of 3.0% this year, and an accelerated 4.9% growth rate in 2014 will help to bolster the Los Angeles local economy.

4. Community Development Need

a. Housing

As of the 2010 Census, the Los Angeles-Long Beach-Glendale, CA MD had approximately 3.4 million housing units, of which 3.2 million were occupied. The vacancy rate was 6.0%, up 44.9%, from 4.2% in 2000. Of households living in rental units, about 26.33% maintain a rent burden of at least 30% of household income.

Indicator	Number	% of Total or Subtotal	% Increase from 2000
Total Housing Units	3,425,736	-	5%
Occupied Units	3,217,889	94%	3%
Owner-Occupied	1,552,091	45%	3%
Renter-Occupied	1,665,798	49%	2%
Vacant Units	207,847	6%	52%
1-4 Family Units	2,274,104	66%	4%
Multifamily	1,151,632	34%	5%
Mobile Homes and Trailers	55,346	2%	3%
Average Age of Housing Units	73	-	43%

Affordable housing remains a challenge for Los Angeles-Long Beach-Glendale, CA MD, particularly with the dismantling of the Community Redevelopment Agencies. Based on a HUD study conducted by the City of Los Angeles for the most recent 5 year Consolidated Plan:

- 20% of all households (259,740) are extremely low-income (0-30% HAMFI)
- 53% of all households (688,995) have incomes ranging from zero to 80% HAMFI
- Severe Cost Burden: 216,840 renter households pay over 50% of their income for rent and 86,140 homeowners pay half or more of their income for housing costs, totaling 302,980 households with severe housing cost burdens.

As a result of decrease affordability in housing stock and mismatch of jobs, wages, rent, and for-sale price and the shortage of apartments able to accommodate large families, housing is still a pressing issue in Los Angeles-Long Beach-Glendale, CA MD.

CRA Lending:

CONFIDENTIAL TREATMENT REQUESTED
CRA Strategic Plan 2012-2015

OneWest Bank used peer lending data, aggregate lending data, and housing distribution data (based on the 2010 Census) to develop CRA lending volume, in/out ratio, geographic distribution, and borrower distribution targets.

As a result of our acquisition of IndyMac Federal Bank, FSB in 2009 which included a mortgage servicing business, and our subsequent acquisition of First Federal Bank of California and La Jolla Bank, OneWest Bank has a large national residential mortgage portfolio. Many of our residential mortgage loans are out of the Banks assessment area. OneWest actively refinances the borrowers in the mortgage servicing portfolio which results in many loan originations outside the Bank's AAs. As a result, the Bank sets a 35% in/out target. This target will increase in the future as more of the Bank's originations will be in footprint. OneWest expects to see increased servicing portfolio refinancing activity in 2012-2013 as a result of HARP 2.0. This is another factor which results in OneWest having a lower in/out ratio than peers.

Key Lending Targets Include:

- **Lending volume:**
 - a. All CRA lending products: \$750 million annually
- **In/Out Ratio:**
 - a. 1-4 HMDA – 35%
 - b. Multifamily – 75%
 - i. OneWest Bank has no multifamily lending activity as of 12/31/12.
 - c. SBA – 75%
 - d. Community Development Loans – 100%
- **Geographic Distribution:**

CONFIDENTIAL TREATMENT REQUESTED

CRA Strategic Plan 2012-2015

CRA Lending Target 2013

1-4 Home Purchase Originations & Purchases

Assessment Area (MSA/MD)	Tract Lending (Low Income Tract)					Tract Lending (Moderate Income Tract)				
	Aggregate			Aggregate		Aggregate			Aggregate	
	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	¹ Peer LMI% Amount	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	2.1%	3.8%	2.1%	2.6%	2.6%	16.6%	18.3%	16.6%	12.9%	12.9%
Oxnard/ Thousand Oaks/ Ventura	1.2%	1.2%	1.9%	0.7%	0.7%	17.1%	19.1%	17.1%	13.6%	13.6%
Riverside/ San Bernardino/ Ontario	1.0%	1.0%	2.9%	0.6%	0.6%	18.4%	18.4%	21.6%	13.4%	13.4%
San Diego/ Carlsbad/ San Marcos	3.3%	3.6%	3.3%	2.4%	2.4%	13.0%	13.0%	14.3%	8.9%	8.9%
Santa Ana/ Anaheim/ Irvine	1.2%	1.2%	3.0%	0.8%	0.8%	19.6%	21.1%	19.6%	15.4%	15.4%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of owner-occupied housing units in MSA/MD (2010 Census)

CRA Lending Target 2013

1-4 Home Improvement Originations & Purchases

Assessment Area (MSA/MD)	Tract Lending (Low Income Tract)					Tract Lending (Moderate Income Tract)				
	Aggregate			Aggregate		Aggregate			Aggregate	
	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	¹ Peer LMI% Amount	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	1.5%	1.5%	2.1%	0.9%	0.9%	11.4%	11.4%	16.6%	7.7%	7.7%
Oxnard/ Thousand Oaks/ Ventura	0.7%	0.7%	1.9%	0.5%	0.5%	7.3%	7.3%	17.1%	5.0%	5.0%
Riverside/ San Bernardino/ Ontario	1.0%	1.0%	2.9%	0.7%	0.7%	14.1%	14.1%	21.6%	10.1%	10.1%
San Diego/ Carlsbad/ San Marcos	1.7%	1.7%	3.3%	1.3%	1.3%	9.2%	9.2%	14.3%	6.7%	6.7%
Santa Ana/ Anaheim/ Irvine	0.5%	0.5%	3.0%	0.3%	0.3%	14.6%	14.6%	19.6%	11.5%	11.5%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of owner-occupied housing units in MSA/MD (2010 Census)

CONFIDENTIAL TREATMENT REQUESTED

CRA Strategic Plan 2012-2015

CRA Lending Target 2013

1-4 Home Refinancing Originations & Purchases

Assessment Area (MSA/MD)	Tract Lending (Low Income Tract)					Tract Lending (Moderate Income Tract)				
	Aggregate		Demographic ² %	Aggregate		Aggregate		Demographic ² %	Aggregate	
	Count Target %	¹ Peer LMI% Count		Amount Target %	¹ Peer LMI% Amount	Count Target %	¹ Peer LMI% Count		Amount Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	1.0%	1.0%	2.1%	0.7%	0.7%	9.1%	9.1%	16.6%	6.0%	6.0%
Oxnard/ Thousand Oaks/ Ventura	0.4%	0.4%	1.9%	0.2%	0.2%	8.8%	8.8%	17.1%	6.3%	6.3%
Riverside/ San Bernardino/ Ontario	0.3%	0.3%	2.9%	0.2%	0.2%	9.9%	9.9%	21.6%	7.9%	7.9%
San Diego/ Carlsbad/ San Marcos	1.6%	1.6%	3.3%	1.1%	1.1%	8.0%	8.0%	14.3%	5.6%	5.6%
Santa Ana/ Anaheim/ Irvine	0.5%	0.5%	3.0%	0.3%	0.3%	12.2%	12.2%	19.6%	9.1%	9.1%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of owner-occupied housing units in MSA/MD (2010 Census)

CRA Lending Target 2013

Multifamily Originations & Purchases

Assessment Area (MSA/MD)	Tract Lending (Low Income Tract)					Tract Lending (Moderate Income Tract)				
	Aggregate		Demographic ² %	Aggregate		Aggregate		Demographic ² %	Aggregate	
	Count Target %	¹ Peer LMI% Count		Amount Target %	¹ Peer LMI% Amount	Count Target %	¹ Peer LMI% Count		Amount Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	12.7%	12.7%	13.2%	11.7%	11.7%	31.6%	35.9%	31.6%	26.5%	26.5%
Oxnard/ Thousand Oaks/ Ventura	7.6%	10.2%	7.6%	1.6%	1.6%	34.5%	55.9%	34.5%	50.2%	50.2%
Riverside/ San Bernardino/ Ontario	7.2%	7.2%	11.3%	7.6%	7.6%	36.1%	44.2%	36.1%	24.9%	24.9%
San Diego/ Carlsbad/ San Marcos	14.6%	17.2%	14.6%	8.0%	8.0%	26.6%	41.1%	26.6%	36.9%	36.9%
Santa Ana/ Anaheim/ Irvine	10.6%	12.9%	10.6%	5.5%	5.5%	35.8%	58.1%	35.8%	58.2%	58.2%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD.

² Demographic is % of multifamily housing units in MSA/MD (2010 Census)

CONFIDENTIAL TREATMENT REQUESTED

CRA Strategic Plan 2012-2015

CRA Lending Target 2013

Small Business Lending

Assessment Area (MSA/MD)	Tract Lending (Low Income Tract)					Tract Lending (Moderate Income Tract)				
	Count Target %	Aggregate ¹ Peer LMI% Count	Demographic ² %	Amount Target %	Aggregate ¹ Peer LMI% Amount	Count Target %	Aggregate ¹ Peer LMI% Count	Demographic ² %	Amount Target %	Aggregate ¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	5.3%	5.3%	9.0%	7.9%	7.9%	16.4%	16.4%	28.6%	20.7%	20.7%
Oxnard/ Thousand Oaks/ Ventura	2.5%	2.5%	5.2%	5.0%	5.0%	13.9%	13.9%	26.4%	17.2%	17.2%
Riverside/ San Bernardino/ Ontario	1.9%	1.9%	5.7%	2.6%	2.6%	21.6%	21.6%	28.2%	26.7%	26.7%
San Diego/ Carlsbad/ San Marcos	3.3%	3.3%	10.0%	3.9%	3.9%	15.8%	15.8%	21.3%	18.4%	18.4%
Santa Ana/ Anaheim/ Irvine	2.2%	2.2%	5.8%	3.0%	3.0%	23.4%	23.4%	26.2%	30.4%	30.4%

¹ Aggregate Small Business Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD.

² % of Small Businesses in MSA/MD according to D&B 2012 Report

CONFIDENTIAL TREATMENT REQUESTED

CRA Strategic Plan 2012-2015

• **Borrower Distribution:**

CRA Lending Target 2013

1-4 Home Purchase Originations & Purchases

Assessment Area (MSA/MD)	Borrower Lending (Low Income Borrower)					Borrower Lending (Moderate Income Borrower)				
	Count	Aggregate	Demographic ² %	Amount	Aggregate	Count	Aggregate	Demographic ² %	Amount	Aggregate
	Target %	¹ Peer LMI% Count		Target %	¹ Peer LMI% Amount	Target %	¹ Peer LMI% Count		Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	3.2%	3.2%	20.1%	1.2%	1.2%	16.2%	16.2%	17.7%	9.0%	9.0%
Oxnard/ Thousand Oaks/ Ventura	5.9%	5.9%	18.6%	2.9%	2.9%	17.8%	23.5%	17.8%	16.9%	16.9%
Riverside/ San Bernardino/ Ontario	9.6%	9.6%	18.3%	5.2%	5.2%	18.5%	22.4%	18.5%	16.6%	16.6%
San Diego/ Carlsbad/ San Marcos	3.8%	3.8%	18.6%	1.6%	1.6%	18.2%	16.5%	18.2%	10.2%	10.2%
Santa Ana/ Anaheim/ Irvine	4.2%	4.2%	18.8%	1.9%	1.9%	18.4%	17.9%	18.4%	11.0%	11.0%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of families in MSA/MD (2010 Census)

CRA Lending Target 2013

1-4 Home Improvement Originations & Purchases

Assessment Area (MSA/MD)	Borrower Lending (Low Income Borrower)					Borrower Lending (Moderate Income Borrower)				
	Count	Aggregate	Demographic ² %	Amount	Aggregate	Count	Aggregate	Demographic ² %	Amount	Aggregate
	Target %	¹ Peer LMI% Count		Target %	¹ Peer LMI% Amount	Target %	¹ Peer LMI% Count		Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	4.6%	4.6%	20.1%	1.2%	1.2%	11.6%	11.6%	17.7%	5.5%	5.5%
Oxnard/ Thousand Oaks/ Ventura	7.1%	7.1%	18.6%	3.6%	3.6%	17.8%	19.1%	17.8%	12.7%	12.7%
Riverside/ San Bernardino/ Ontario	6.3%	6.3%	18.3%	2.9%	2.9%	13.1%	13.1%	18.5%	9.0%	9.0%
San Diego/ Carlsbad/ San Marcos	5.0%	5.0%	18.6%	2.1%	2.1%	13.3%	13.3%	18.2%	7.9%	7.9%
Santa Ana/ Anaheim/ Irvine	6.4%	6.4%	18.8%	2.8%	2.8%	16.8%	16.8%	18.4%	11.7%	11.7%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of families in MSA/MD (2010 Census)

CONFIDENTIAL TREATMENT REQUESTED

CRA Strategic Plan 2012-2015

CRA Lending Target 2013

1-4 Home Refinancing Originations & Purchases

Assessment Area (MSA/MD)	Borrower Lending (Low Income Borrower)					Borrower Lending (Moderate Income Borrower)				
	Aggregate			Aggregate		Aggregate			Aggregate	
	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	¹ Peer LMI% Amount	Count Target %	¹ Peer LMI% Count	Demograp hic ² %	Amount Target %	Aggregate ¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	3.6%	3.6%	20.1%	1.7%	1.7%	8.9%	8.9%	17.7%	4.2%	4.2%
Oxnard/ Thousand Oaks/ Ventura	6.3%	6.3%	18.6%	3.4%	3.4%	14.1%	14.1%	17.8%	9.7%	9.7%
Riverside/ San Bernardino/ Ontario	5.0%	5.0%	18.3%	2.8%	2.8%	11.2%	11.2%	18.5%	7.2%	7.2%
San Diego/ Carlsbad/ San Marcos	4.3%	4.3%	18.6%	2.2%	2.2%	10.1%	10.1%	18.2%	6.0%	6.0%
Santa Ana/ Anaheim/ Irvine	4.7%	4.7%	18.8%	2.4%	2.4%	11.9%	11.9%	18.4%	7.4%	7.4%

¹ Aggregate Peer Mortgage Lending Data 2011. The number of loans originated & purchased in specified income categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD. This includes aggregate lending amounts.

² Demographic is % of families in MSA/MD (2010 Census)

CRA Lending Target 2013

Small Business Lending

Assessment Area (MSA/MD)	Small Business Profile GAR ≤ \$1 Million			
	Aggregate		Aggregate	
	Count Target %	¹ Peer LMI% Count	Amount Target %	¹ Peer LMI% Amount
Los Angeles/ Long Beach/ Glendale	45.7%	45.7%	33.3%	33.3%
Oxnard/ Thousand Oaks/ Ventura	49.5%	49.5%	35.8%	35.8%
Riverside/ San Bernardino/ Ontario	47.3%	47.3%	34.8%	34.8%
San Diego/ Carlsbad/ San Marcos	47.2%	47.2%	35.3%	35.3%
Santa Ana/ Anaheim/ Irvine	47.6%	47.6%	33.9%	33.9%

¹ Aggregate Small Business Lending Data 2011. The number of loans originated & purchased in specified revenue categories as a % of aggregate number loans originated and purchased by all reporting lenders in the MSA/MD.

- **Innovative & Flexible:**
 - a. Roll out HARP 2.0 Refinance program.

CRA Investments:

OneWest Bank set a CRA investment target of \$184.4 million benchmarked against peer CRA investment activity (*i.e.* City National Bank and First Republic Bank). This represents 7.4% of Tier 1 Equity Balance at 9% Capital. OneWest operates at a higher Tier 1 Capital ratio than peers. Strategically OneWest looks to dividend this capital out of the Bank and manages the Bank to a 9% Tier 1 Capital Ratio. The Bank uses an adjusted Tier 1 Equity Balance at 9% Capital to closer resemble peer banks to set its CRA investment target.

In an effort to respond to community development needs, the Bank will focus its philanthropic giving on affordable housing projects. In addition, it will continue to work with nonprofit organizations that provide basic services that provide community benefits. These services will include: health and human services, financial education, and youth services.

As of March 30, 2013, OneWest Bank invested \$175.7 million in CRA investments. Of these investments, only \$128.1 million directly benefit the Bank's assessment area. The Bank's CRA investment portfolio is made up of:

- 57% mortgage backed securities
- 41% LIHTC investments
- 2% grants and donations

In response to the feedback provided by the Office of the Comptroller of the Currency, the Bank will try to broaden its CRA investment portfolio to include more LIHTC and complex investments that address the need for affordable housing. To ensure that the Bank's CRA strategy aligns with its business strategy, the Bank will actively pursue investments that respond to community needs while maintaining the Banks risk and economic return tolerances.

1. CRA Investment Focus Areas:

- a. Affordable Housing
- b. Health and Human Services
- c. Financial Education
- d. Youth Services

2. CRA Investment Dollar:

- a. 7.4% of Tier 1 Equity Balance @ 9% Capital (as of 3/31/2013 this is \$2.5 billion)
- b. Total CRA Investment Target: \$184.4MM
- c. Add an incremental \$40.0MM of LIHTC investments to the CRA investment portfolio

CRA Service:

CONFIDENTIAL TREATMENT REQUESTED
CRA Strategic Plan 2012-2015

OneWest Bank is committed to providing retail services to low and moderate income people. The Bank set a target of 15% of total branches/ATMs out of the total population of OneWest branches/ATMs to be located in low and moderate income (LMI) tracts.

OneWest Bank inherited its branch footprint from its legacy banks. To date, the Bank has opened three de novo branches. Branch closures, relocations and consolidations are a result of streamlining operations (*i.e.* consolidating 2 branches serving the same geographic area). As the Bank expands, it will look to increase retail services to LMI people through the increased availability of ATMs in LMI tracts.

Using peer banks as a benchmark (*i.e.* City National Bank and First Republic Bank), OneWest Bank set a CRA volunteer service target of 2,000 hours annually.

- 1. Retail Branch/ATM LMI Tract Penetration:**
 - a. LMI Branch/ATM Penetration – 15%
- 2. Community Development Service:**
 - a. Volunteer Hours - 2,000 hours

CONFIDENTIAL EXHIBIT 10

**Information in Response to Item 8(d) and Item 13 of Form
FR Y-3**

CIT GROUP INC.
CONFIDENTIAL EXHIBIT 10
CONFIDENTIAL TREATMENT REQUESTED

Information in Response to Item 8(d) and Item 13 of Form FR Y-3¹

Sally Rocker, a current director of IMB, is also a director of Flowers National Bank. However, following the Transaction, Ms. Rocker will not be a “principal” of CIT Group or CITBNA.

Entities managed by Stone Point Capital LLC, a current over 10% shareholder and principal of IMB, are also over 10% shareholders of Grandpoint Capital, Inc., a bank holding company headquartered in Los Angeles, California, and of the following depository institutions (which do not have offices in the relevant banking market for purposes of Item 13) (b)(4) Carlile Bancshares, Inc.; HCBF Holding Company, Inc.; Standard Bancshares, Inc.; and Yadkin Financial Corporation.

However, following the Transaction, no Stone Point entity will be a “principal” of CIT Group or CITBNA.

¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

CONFIDENTIAL EXHIBIT 11

Information in Response to Item 9 of Form FR Y-3

CIT GROUP INC.
CONFIDENTIAL EXHIBIT 11
CONFIDENTIAL TREATMENT REQUESTED

Information in Response to Item 9 of Form FR Y-3¹

CIT Group: There have been no material changes in financial condition of CIT Group since the most recent examination/inspection other than the sale of CIT Group's student lending assets and the extinguishment of the corresponding debt which occurred in April 2014. The assets sold and debt extinguished were in accordance with management's plan, and had been disclosed as assets held for sale in our December 31, 2013 Form 10-K and CIT Group's March 31, 2014 Form 10-Q. The assets sold and debt extinguished was approximately \$3.3 billion and \$3.2 billion, respectively.

CITB: There have been no material changes in financial condition of CITB since the most recent examination/inspection.

The following dividends and share repurchases are planned prior to consummation of the Transaction.

CIT Group			
\$ in Millions			
	Q3'14	Q4'14	Q1'15
Dividends	(b)(4)		
Share Repurchase			

CITB to CIT Group			
\$ in Millions			
	Q3'14	Q4'14	Q1'15
Dividends	(b)(4)		

¹ Terms used but not defined herein have the same meaning as in the Preliminary Statement to the Application.

From: McCune, Crystal
Sent: Thursday, August 21, 2014 11:51 AM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J; Quezada, Andre; Adedoyin, Mobolaji; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-
Attachments: CIT - Section 3 Application_Public Exhibits.pdf

Attached, for your review, is the application by CIT Group and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, both of Livingston, New Jersey, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. The processing of this application will be discussed in more detail during the kick-off meeting on August 28th.

Should you have any questions prior to the meeting, please contact Philip Bae (x2658) or Brian Steffey (x6515).



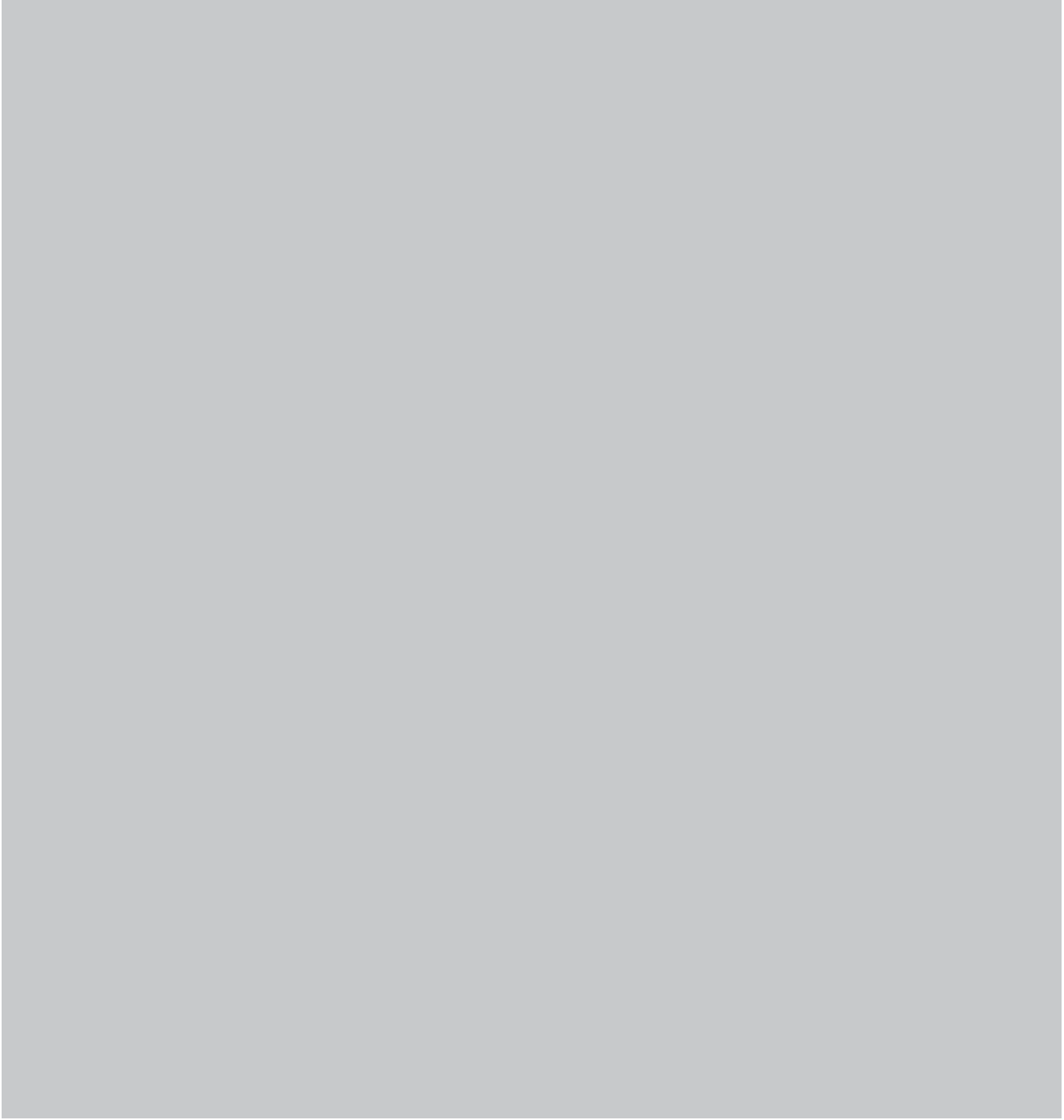
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

PUBLIC EXHIBITS
TO THE
APPLICATION
TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
RELATING TO THE PROPOSED ACQUISITION OF
IMB HOLDCO LLC
BY
CIT GROUP INC.
AND
CARBON MERGER SUB LLC

August 20, 2014

Duplicate Copy of the 890 pages of Public Exhibits that Accompanied the Public Application
Provided on August 28, 2014



From: McCune, Crystall <crystall.mccune@ny.frb.org>
Sent: Thursday, August 21, 2014 11:59 AM
To: McCune, Crystall; Bae, Philip
Subject: Conversation with McCune, Crystall

McCune, Crystall [10:46 AM]:

Hi, just wanted to confirm whether there were any add'l people that needed to be included in the distribution of CIT 3a3 case?

besides the people in the kickoff meeting

Bae, Philip [10:47 AM]:

i updated descriptions in amsp

McCune, Crystall [10:47 AM]:

ok, thank you

Bae, Philip [10:47 AM]:

don't think so. Think Board Legal got their EApps notify

McCune, Crystall [10:49 AM]:

They won't get it until we reforward the E-Apps filing, I will let you know when that can be done. We are using the new E-Apps #.

Bae, Philip [10:51 AM]:

could you add more sections to Amps? 3a1, 3a2, & 3a5. tks.

McCune, Crystall [10:51 AM]:

sure

Bae, Philip [10:51 AM]:

might need to add Carbon Merger Sub LLC as Applicant

will need to

McCune, Crystall [10:53 AM]:

ok, I will handle that and let you know when it is complete

Bae, Philip [10:54 AM]:

many tks

McCune, Crystall [11:09 AM]:

Would Carbon Merger Sub LLC be an add'l applicant for all sections?

Bae, Philip [11:12 AM]:

Non-exp

yes, for all sections

McCune, Crystall [11:18 AM]:

(b)(5)

Bae, Philip [11:19 AM]:

(b)(5)

McCune, Crystall [11:21 AM]:

ok

McCune, Crystall [11:55 AM]:

when you retur (b)(5)

From: Adedoyin, Mobolaji
Sent: Thursday, August 21, 2014 1:05 PM
To: McCune, Crystall
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2)

RESTRICTED FR

Thanks.

From: McCune, Crystall
Sent: Thursday, August 21, 2014 11:46 AM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J; Quezada, Andre; Adedoyin, Mobolaji; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Steffey, Brian; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2)

Duplicate of the August 21, 2014 Email at 11:46am (above)



From: McCune, Crystall
Sent: Thursday, August 21, 2014 1:11 PM
To: Adedoyin, Mobolaji
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-

You're welcome.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Adedoyin, Mobolaji
Sent: Thursday, August 21, 2014 1:04 PM
To: McCune, Crystall
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-

Thanks

From: McCune, Crystall
Sent: Thursday, August 21, 2014 11:51 AM
To: Ricketti, John; Cheatham, James; Nobles, Topaz J; Quezada, Andre; Adedoyin, Mobolaji; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-

Duplicate of the August 21, 2014 Email at 11:51am (above)

Duplicate of the August 21, 2014 Email at 11:51am (above)

From: McCune, Crystall
Sent: Thursday, August 21, 2014 3:23 PM
To: Bae, Philip
Subject: Documents for review: CIT Group Inc. - IMB HoldCo LLC
Attachments: LEGALDOCS-546773.DOCx.DRF; LEGALDOCS-546769.DOCx.DRF;
LEGALDOCS-546778.DOCx.DRF



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

The three attachments (totaling 6 pages) consist of draft versions of the notification letters to send to the OCC, to the U.S. Department of Justice, and to the Federal Reserve Bank of San Francisco advising that the application has been filed and seeking comments. These three draft letters have been withheld pursuant to exemption 5.

From: Bae, Philip
Sent: Thursday, August 21, 2014 4:34 PM
To: McCune, Crystall
Subject: RE: Documents for review: CIT Group Inc. - IMB HoldCo LLC
Attachments: LEGALDOCS-546773.DOCx.drf

Here we go

From: McCune, Crystall
Sent: Thursday, August 21, 2014 3:26 PM
To: Bae, Philip
Subject: FW: Documents for review: CIT Group Inc. - IMB HoldCo LLC

Please review the attached documents and provide comments for distribution.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: McCune, Crystall
Sent: Thursday, August 21, 2014 3:23 PM
To: Bae, Philip
Subject: Documents for review: CIT Group Inc. - IMB HoldCo LLC



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

The one attachment (totaling 2 pages) consists of a draft versions of the notification letter to send to the OCC advising that the application has been filed and seeking comments. This draft letter has been withheld pursuant to exemption 5.

From: Schnabel, Nancy
Sent: Friday, August 22, 2014 10:28 AM
To: McCune, Crystall; Bae, Philip; Steffey, Brian; Charlton, Richard; Whidbee, Robin; Brannon, Lisa; Caetano, Ruth
Subject: RE: Mistaken Internal Filing (22377) Notification.

Crystall – Yes, please email us the CIT documents.

Thank you so much!

Nancy

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: McCune, Crystall
Sent: Friday, August 22, 2014 9:10 AM
To: Bae, Philip; Steffey, Brian; Schnabel, Nancy; Charlton, Richard; Whidbee, Robin; Brannon, Lisa; Caetano, Ruth
Subject: RE: Mistaken Internal Filing (22377) Notification.

CIT Group uploaded their application on Wednesday night and I'm working to get all documents moved under one E-Apps number.

Richard & Nancy – please let me know if you would like me to email you the documents in the interim.

P



Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: ElectronicApplications@frb.gov [<mailto:ElectronicApplications@frb.gov>]
Sent: Friday, August 22, 2014 8:37 AM
To: Bae, Philip; Steffey, Brian; McCune, Crystall; Schnabel, Nancy; Charlton, Richard; Whidbee, Robin; Brannon, Lisa; Caetano, Ruth
Subject: Mistaken Internal Filing (22377) Notification.

E-Apps Email Notification

The internal filing (22377) entered for CIT GROUP INC. was marked as mistaken. Please delete.

Description:

(CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.)

Section Code:

(3A3 NonExpedited;3A1 NonExpedited;3A2 NonExpedited;3A5 NonExpedited;)

This e-mail message has been automatically generated.

Filing- Notify Assigned Staff of Mistaken Filing

From: McCune, Crystall
Sent: Friday, August 22, 2014 10:49 AM
To: Schnabel, Nancy
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-
Attachments: CIT - Section 3 Application_Public Exhibits.pdf

Attached, for your review, is the exhibits for the application by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. The processing of this application will be discussed in more detail during the kick-off meeting on August 28th.

Should you have any questions prior to the meeting, please contact Philip Bae (x2658) or Brian Steffey (x6515).




Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

PUBLIC EXHIBITS
TO THE
APPLICATION
TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
RELATING TO THE PROPOSED ACQUISITION OF
IMB HOLDCO LLC
BY
CIT GROUP INC.
AND
CARBON MERGER SUB LLC

August 20, 2014

Duplicate Copy of the 890 pages of Public Exhibits that Accompanied the Public Application
Provided on August 28, 2014



From: Schnabel, Nancy
Sent: Friday, August 22, 2014 12:11 PM
To: McCune, Crystall
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-

Thanks so much, Crystall!

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: McCune, Crystall
Sent: Friday, August 22, 2014 10:49 AM
To: Schnabel, Nancy
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 2 of 2) -FRSONLY-

Duplicate Copy of the August 22, 2014 Email at 10:49am (above).



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Choi, Dong Beom
Sent: Friday, August 22, 2014 12:16 PM
To: McCune, Crystall
Cc: Whidbee, Robin
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Thanks Crystall, we are meeting at 3 and I will get back to you after the meeting.

Best,
Dong

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: McCune, Crystall
Sent: Friday, August 22, 2014 12:14 PM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Please advise who should be assigned to the above mentioned case (b)(5). All remaining Research staff members will be emailed documents on as flow basis.

CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.



Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Schnabel, Nancy
Sent: Friday, August 22, 2014 12:17 PM
To: Israel, Woodrina
Subject: FW: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-
Attachments: CIT_Section 3 Application.pdf; CIT - Section 3 Application_Confidential Exhibits.pdf

RESTRICTED FR

Woodrina – Would you please print the attached for me? And place in a binder?

Thanks,

Nancy

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: McCune, Crystall
Sent: Friday, August 22, 2014 10:45 AM
To: Schnabel, Nancy
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Attached, for your review, is the application by CIT Group and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, both of Livingston, New Jersey, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. This application has been broken into a two part email due to the size of the public exhibits. The processing of this application will be discussed in more detail during the kick-off meeting on August 28th.

Should you have any questions prior to the meeting, please contact Philip Bae (x2658) or Brian Steffey (x6515)



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-212-558-4000
FACSIMILE: 1-212-558-3588
WWW.SULLCROM.COM

*125 Broad Street
New York, NY 10004-2498*

LOS ANGELES • PALO ALTO • WASHINGTON, D.C.

FRANKFURT • LONDON • PARIS

BEIJING • HONG KONG • TOKYO

MELBOURNE • SYDNEY

August 20, 2014

CONFIDENTIAL TREATMENT REQUEST

Ivan J. Hurwitz
Vice President, Bank Applications
Federal Reserve Bank of New York,
33 Liberty Street,
New York, New York 10045.

Re: CIT Group Inc. Proposed Acquisition of IMB Holdco LLC

Ladies and Gentlemen:

Enclosed please find the following documents, prepared by our clients, CIT Group Inc. and Carbon Merger Sub LLC (together, the “Applicants”), in connection with their application to the Board of Governors of the Federal Reserve System (the “Board”) relating to the Applicants’ proposed acquisition of IMB Holdco LLC and certain related transactions:

- An Application to the Board pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, and Regulation Y promulgated thereunder (the “Application”);
- Public Exhibits to the Application (separately bound); and
- Confidential Exhibits to the Application (separately bound).

Certain of the enclosed materials (the Confidential Exhibits) have been marked “Confidential Treatment Requested” and are referred to herein as the “Confidential Materials.”

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, and the regulations of the Board, 12 C.F.R. Part 261, we hereby respectfully request on behalf of the Applicants that the Confidential Materials be treated confidentially and not be made

Duplicate Copy of the 3-page cover letter dated August 20, 2014, and the 50-page application previously released on August 28, 2014. The 171 pages of Confidential Exhibits have not been reproduced here because they are duplicative of the 171 pages Confidential Exhibits attached to the email dated August 21, 2014 at 11:46am (above).

From: Whidbee, Robin
Sent: Friday, August 22, 2014 1:20 PM
To: Charlton, Richard
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Hi Rich – let me double-check with Philip and I will get back to you.

From: Charlton, Richard
Sent: Friday, August 22, 2014 1:16 PM
To: Whidbee, Robin
Subject: FW: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Robin, I saw Crystall's absence reply, which directed me to you. Do you know? Thanks.

From: Charlton, Richard
Sent: Friday, August 22, 2014 1:12 PM
To: McCune, Crystall
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Kick-off meeting? I don't have anything for the 28th.

From: McCune, Crystall
Sent: Friday, August 22, 2014 10:45 AM
To: Schnabel, Nancy
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

Duplicate Email Captured in the Email Chain dated August 22, 2014 at 12:17pm (above)

Duplicate Email Captured in the Email Chain dated August 22, 2014 at 12:17pm (above)

From: Adam Cohen
To: [Andrew Hartlage](#)
Subject: FW: CIT Group - OneWest Bank -FRSONLY-
Date: Friday, August 22, 2014 2:43:10 PM

From: Peggy Naulty
Sent: Friday, August 22, 2014 2:01 PM
To: Jevon Gordon; Adam Cohen; Philip Bae (FRS)
Cc: Melissa Vanouse
Subject: CIT Group - OneWest Bank -FRSONLY-

RESTRICTED FR

FYI,

(b)(5)



No comments have been submitted to the Board yet.

Peggy Naulty
Banking Applications Section
Consumer Compliance Supervision Branch
Division of Consumer and Community Affairs
Board of Governors
(202) 452-2088

From: [Melissa Vanouse](#)
To: [Peggy Naulty](#)
Subject: RE: CIT Group - OneWest Bank -FRSONLY-
Date: Friday, August 22, 2014 3:15:18 PM

Thanks for sharing this, Peggy!

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov
Tel: 202.452.3488
Mobile: (b)(6)

From: Peggy Naulty
Sent: Friday, August 22, 2014 2:01 PM
To: Jevon Gordon; Adam Cohen; Philip Bae (FRS)
Cc: Melissa Vanouse
Subject: CIT Group - OneWest Bank -FRSONLY-

RESTRICTED FR

FYI,

Duplicate of Email Captured in the August 22, 2014 Email Chain at 2:43pm



Peggy Naulty
Banking Applications Section
Consumer Compliance Supervision Branch
Division of Consumer and Community Affairs
Board of Governors
(202) 452-2088

From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:17 PM
To: NY Bank Applications Function
Subject: -FRONLY- Friday Reports Review - 8/22/14
Attachments: Friday Pending List Review.pdf; H2 Week Ending 8-23-14.pdf

RESTRICTED FR

Please update your cases. The reports will be re-generated on Monday morning. Thank you.



Robin Whidbee
Bank Applications Support Associate A
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720-5786 or
646.720.5786
Alt Tel: 212.720.8842
Mobil (b)(6)
Fax: 212.720.1608

PENDING APPLICATIONS LIST

Federal Reserve Bank of New York
- R E S T R I C T E D F. R. -

The following is a list of filings received in Banking Applications, recently completed, and/or in an active processing phase during the indicated period.

Filings Received between 08/18/2014 And 08/22/2014				
STAFF ASSIGNMENTS	APPLICANT(S)	PROPOSAL DESCRIPTION (date received)	NEXT EXPECTED ACTION	ISSUES / COMMENTS
89659-1 (Final) Analyst PHILIP BAE Reviewer BRIAN STEFFEY Legal NANCY SCHNABEL Legal RICHARD CHARLTON Board Jevon Gordon Board Adam Cohen Board Andrew Hartlage Supervision TOPAZ MCKINNON CPC Supervision JAMES CHEATHMAN Manager Admin CRYSTALL MCCUNE Support Admin ROBIN WHIDBEE Support Consumer FELIX BUSTELO DCCA Peggy Naulty	CARBON MERGER SUB LLC (438510720) NEW YORK, NY CIT GROUP INC. (1036967) LIVINGSTON, NJ	CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. Filing Receive Date: 8/21/2014	Acknowledge Date 08/28/2014 Due:	08/22/2014 - Application Status Currently under review.
Not Responsive -refers to an entirely unrelated application; also (b)(5)				

The remainder of this attachment (17 pages) discusses unrelated applications and has been withheld as not responsive; also (b)(5).

District: 2**Federal Reserve Bank of New York****Filings received during the week ending August 23, 2014**

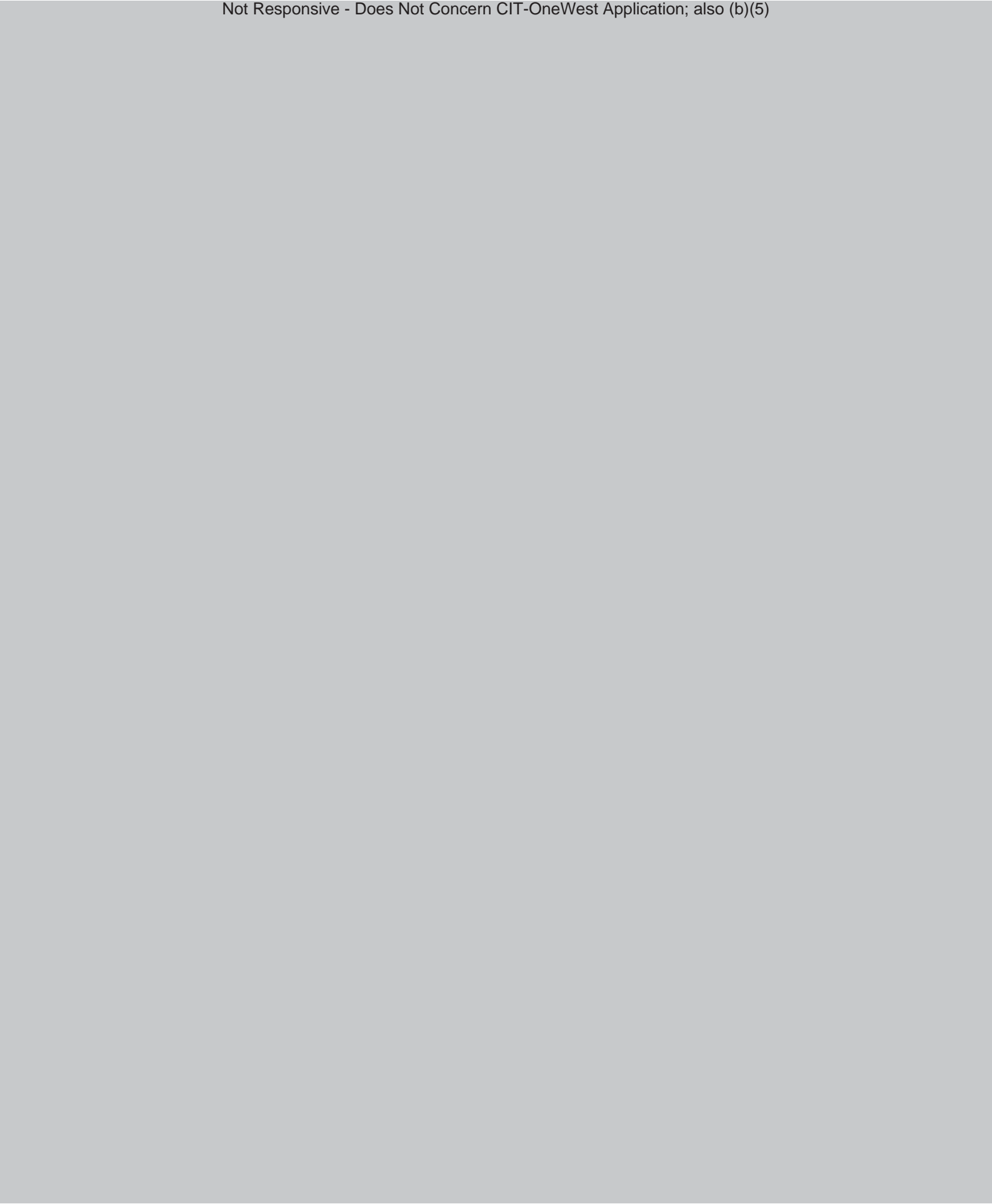
Filer	Filing Type	Filing Proposal	End of Comment Period	
CIT GROUP INC.	* 3A1	CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.	Newspaper:	Not available
	* 3A2		Federal Register:	Not available
	* 3A3			
	* 3A5			

Not Responsive -refers to an entirely unrelated application; also (b)(5)

District: 2

Federal Reserve Bank of New York

Not Responsive - Does Not Concern CIT-OneWest Application; also (b)(5)



From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:41 PM
To: Bae, Philip
Subject: FW: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC
Attachments: FD_OCC.pdf; FD_DOJ.pdf; FD_FRBSF.pdf; DRAFT_Federal Register Wire_CIT-IMB_8-22-14.docx; LEGALDOCS-546765.DOCx.DRF

[Is the Federal Register Wire ok?](#)

From: McCune, Crystall
Sent: Friday, August 22, 2014 11:58 AM
To: Bae, Philip
Cc: Whidbee, Robin
Subject: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC

There is no need to add all four sections on each page since the information is duplicates. We can consolidate it into one page if you would like. Please review these documents and advise when they can be sent out. Please respond to Robin when you are ready to upload/send these documents.

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202-736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 1 of 4
Section: 3A1/2/3/5 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC NEW YORK, NY

RSSD ID No.

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

RSSD ID No.

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

August 22, 2014

VIA CDTR

U.S. Department of Justice
Antitrust Division
Litigation II Section/Banking Unit
Liberty Square Building, Suite 8700
450 Fifth Street, N.W.
Washington, DC 20530

Dear Sir or Madam:

Available through the Central Document and Text Repository (“CDTR”) is a copy of an application filed with the Federal Reserve Bank of New York by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York (“Applicants”), for prior approval of the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, to acquire 100 percent of the stock of IMB HoldCo LLC, and thereby indirectly acquire OneWest Bank, N.A., both of Pasadena, California (“Targets”).

We request that your office prepare a report on the competitive factors involved in the proposed transaction. Please send your comments within 30 days of the date of this letter to the Board, with a copy to this Reserve Bank. If a finding is made that no competitive factors exist, we request your determination that the proposed transaction is eligible for a 15-day post-approval waiting period.

Notice of the application is being published in the Federal Register and in the head office communities of Applicants and Targets in order to provide an opportunity for interested persons to file comments regarding the proposal. The Board’s Rules of Procedure provide that the application shall be made available for inspection by the public except for parts thereof as to which the Board determines that nondisclosure is warranted under Section 552(b) of Title 5 of the U.S. Code. Since appropriate deletions have not been made in the copy transmitted herewith, public inspection of the application is to be made only at the Board’s offices or at the appropriate Reserve Bank.

Since the date on which your office receives this letter must be made part of the Federal Reserve System’s records, please confirm receipt of this letter.

FEDERAL RESERVE BANK *of* NEW YORK

U.S. Department of Justice

August 22, 2014

2

If you have any questions, please contact Philip Bae, at (212) 720-2658, or the undersigned, at (212) 720-6515.

Sincerely,

A handwritten signature in black ink, appearing to be 'B. Steffey', with a long horizontal flourish extending to the right.

Brian S. Steffey
Bank Applications Officer
Bank Applications Function

cc: Board of Governors

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

August 22, 2014

VIA E-MAIL

Ms. Elisa Johnson
Manager
Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
101 Market Street, MS#615
San Francisco, California 94105

Dear Ms. Johnson:

Available through E-Apps is a copy of an application (E-Apps# 22684) filed with the Federal Reserve Bank of New York by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York (the “Applicants”), for prior approval of the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, to acquire 100 percent of the stock of IMB HoldCo LLC, and thereby indirectly acquire OneWest Bank N.A., both of Pasadena, California (“Targets”).

We would appreciate you forwarding in writing any comments you may wish to make about the proposal within 30 calendar days of the date of this letter. If you intend to comment, we would appreciate being advised by telephone or e-mail as soon as possible.

Notice of the application is being published in the Federal Register and in the head office communities of Applicants and Targets in order to provide an opportunity for interested persons to file comments regarding the proposal. The Board’s Rules of Procedure provide that the application shall be made available for inspection by the public except for parts thereof as to which the board determines that nondisclosure is warranted under Section 552(b) of Title 5 of the U.S. Code. Since appropriate deletions have not been made in the copy transmitted herewith, public inspection of the application is to be made only at the Board's offices or at the appropriate Reserve Bank.

Since the date on which your office receives this letter must be made part of the Federal Reserve System’s records, please confirm receipt of this letter.

FEDERAL RESERVE BANK *of* NEW YORK

Ms. Elisa Johnson

August 22, 2014

2

If you have any questions, please contact Philip Bae, at (212) 720-2658, or the undersigned, at (212) 720-6515.

Sincerely,

A handwritten signature in dark ink, appearing to be 'B. Steffey', with a long horizontal flourish extending to the right.

Brian S. Steffey
Bank Applications Officer
Bank Applications Function

cc: Board of Governors

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

August 22, 2014

VIA CDTR

Mr. Toney Bland
District Deputy Comptroller
Office of the Comptroller of the Currency
Northeastern District
340 Madison Avenue, 5th Floor
New York, New York 10173-0002

Dear Mr. Bland:

Available through the Central Document and Text Repository (“CDTR”) is a copy of an application filed with the Federal Reserve Bank of New York by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York (the “Applicants”), for prior approval of the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, to acquire 100 percent of the stock of IMB HoldCo LLC, and thereby indirectly acquire OneWest Bank N.A., both of Pasadena, California (“Targets”).

We would appreciate you forwarding in writing any comments you may wish to make about the proposal within 30 calendar days of the date of this letter. If you intend to comment, we would appreciate being advised by telephone or e-mail as soon as possible.

Notice of the application is being published in the Federal Register and in the head office communities of the Applicants and Targets in order to provide an opportunity for interested persons to file comments regarding the proposal. The Board’s Rules of Procedure provide that the application shall be made available for inspection by the public except for parts thereof as to which the Board determines that nondisclosure is warranted under Section 552(b) of Title 5 of the U.S. Code. Since appropriate deletions have not been made in the copy transmitted herewith, public inspection of the application is to be made only at the Board's offices or at the appropriate Reserve Bank.

Since the date on which your office receives this letter must be made part of the Federal Reserve System’s records, please confirm receipt of this letter.

FEDERAL RESERVE BANK *of* NEW YORK

Mr. Toney Bland
August 22, 2014

2

If you have any questions, please contact Philip Bae, at (212) 720-2658, or the undersigned, at (212) 720-6515.

Sincerely,

A handwritten signature in dark ink, appearing to be 'B. Steffey', with a long horizontal flourish extending to the right.

Brian S. Steffey
Bank Applications Officer
Bank Applications Function

cc: Board of Governors
California Department of Business Oversight
Division of Financial Institutions
Federal Deposit Insurance Corporation (DC)

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202-736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 1 of 4
Section: 3A3 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC NEW YORK, NY

RSSD ID No.

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and thereby indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

RSSD ID No.

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202-736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 2 of 4
Section: 3A2 - Non Expedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC NEW YORK, NY

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202-736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 3 of 4
Section: 3A1 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC NEW YORK, NY

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202-736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 4 of 4
Section: 3A5 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC NEW YORK, NY

RSSD ID No.

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

RSSD ID No.

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

From: Charlton, Richard
Sent: Friday, August 22, 2014 3:53 PM
To: Schnabel, Nancy
Subject: FW: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC -FRSONLY-
Attachments: Notify Message_AMPS 89659_EAPPS 22684.docx

RESTRICTED FR

Nancy, please remind me— (b)(5) ? Thanks.

From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:51 PM
To: Charlton, Richard; Schnabel, Nancy; Bustelo, Felix; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Akal, John; Bae, Philip; Bovell, Jeanelle; Brannon, Lisa; Caetano, Ruth; Davis, George; Gilmour, June; Hansen, Joyce; Hurwitz, Ivan; McCune, Crystall; Steffey, Brian; Whidbee, Robin; Yee, Rosalie
Subject: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC

RESTRICTED FR

On August 21, 2014, this Reserve Bank received an application by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BA Associate – Philip Bae – x2658

BA Reviewer – Brian Steffey – x6515

BA Admin Support – Crystall McCune – x2110/Robin Whidbee – x5786(Backup)

Legal – **Richard Charlton/Nancy Schnabel** – Crystall McCune emailed a copy of the application this morning and you can also view it under E-Apps Filing #22684. Please review the application for confidentiality within **three business days** and respond to the assigned Associate with your opinion.

FISG – **James Cheatham/Topaz McKinnon** – Crystall McCune emailed a copy of the application this morning.

Felix Bustelo – The application can be viewed under E-Apps Filing #22684.

Research – The application has been uploaded to E-APPS Filing #22684.



Robin Whidbee
Bank Applications Support Associate A
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720-5786 or
646.720.5786
Alt Tel: 212.720.8842
Mobile (b)(6)
Fax: 212.720.1608

Notify Message

Restricted F.R.

AMPS Filing ID: 89659-1

Date of Application: 08/20/2014

Date of Receipt: 08/21/2014

Direct Applicants: CIT GROUP INC., LIVINGSTON, NJ (RSSD ID 1036967)
CARBON MERGER SUB LLC, NEW YORK, NY (RSSD ID PENDING)

Direct Targets: IMB HOLDCO LLC, PASADENA, CA (RSSD ID 3923614)

Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

Section Codes: 3A3 NonExpedited
3A2 NonExpedited
3A1 NonExpedited
3A5 NonExpedited

Procedure Code:

Staff: Applications Admin Support: CRYSTALL MCCUNE - 212-720-2110
Applications Analyst: PHILIP BAE - 212-720-2658
Applications Analyst: Jevon Gordon - 202-973-7384
Applications Reviewer: BRIAN STEFFEY - 212-720-6515
Consumer Analyst: FELIX BUSTELO - (212) 720-6413
DCCA Analyst: Peggy Naulty - 202-452-2088
Legal Admin Support: Sharon Logan - 202-736-5572
Legal Attorney: NANCY SCHNABEL - (212) 720-8132
Legal Attorney: Adam Cohen - 202-912-4658
Legal Attorney: Andrew Hartlage - 202-452-6483
Legal Manager: Michael Waldron - 202-452-2798
Legal Reviewer: Bao Nguyen - 202-530-6270
Legal Sr. Counsel: RICHARD CHARLTON - (212) 720-2867
Research Analyst: Jessica Stahl - 202-452-6452
Supervision CPC: TOPAZ MCKINNON - (212) 720-1632
Supervision Manager: JAMES CHEATHMAN - 212 720-1343

Date Final Legal
Response:

From: Whidbee, Robin
Sent: Friday, August 22, 2014 4:07 PM
To: Choi, Dong Beom; McCune, Crystall
Cc: Kim, Sooji
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Thank you. I will assign Sooji to the EAPPS filing. Have a nice weekend.

From: Choi, Dong Beom
Sent: Friday, August 22, 2014 4:06 PM
To: McCune, Crystall
Cc: Whidbee, Robin; Kim, Sooji
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Hi Crystall,

Sooji Kim (CC'd) will be the one accessing to the Eapps for this case. Thanks.

Best,
Dong

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: McCune, Crystall
Sent: Friday, August 22, 2014 12:14 PM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain on August 22, 2014 at 12:16pm.



Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Choi, Dong Beom
Sent: Friday, August 22, 2014 4:08 PM
To: Kim, Sooji
Subject: FW: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC
Attachments: Notify Message_AMPS 89659_EAPPS 22684.docx

Hi Sooji,

Once you have the access to the Eapps, could you create a folder for CIT case in our merger folder, save all the relevant documents (as well as the ones we have already received via email) and let others know? Thanks!

Dong

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

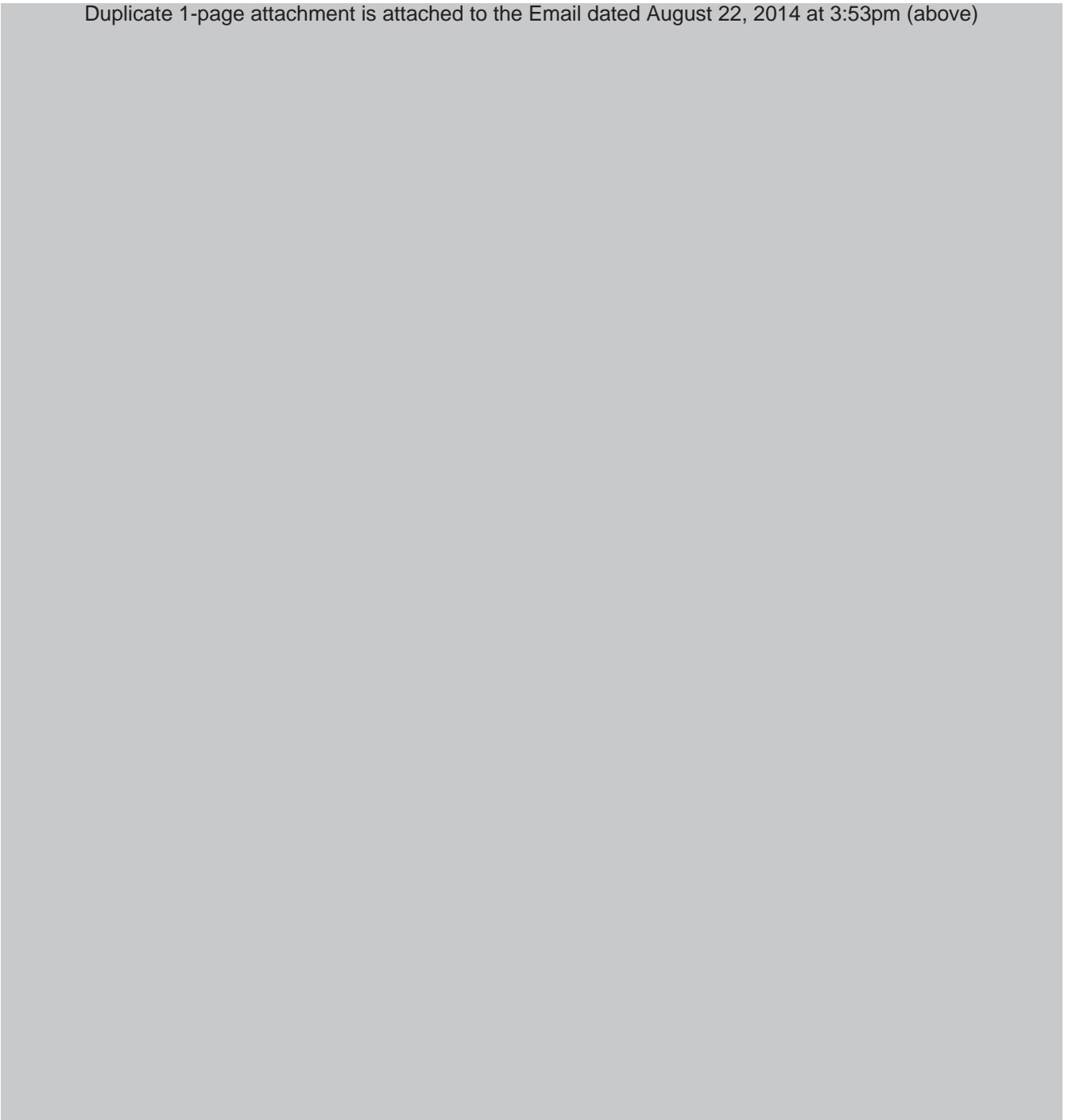
From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:51 PM
To: Charlton, Richard; Schnabel, Nancy; Bustelo, Felix; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Akal, John; Bae, Philip; Bovell, Jeanelle; Brannon, Lisa; Caetano, Ruth; Davis, George; Gilmour, June; Hansen, Joyce; Hurwitz, Ivan; McCune, Crystall; Steffey, Brian; Whidbee, Robin; Yee, Rosalie
Subject: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC

Duplicate Email Captured in the Email Chain on August 22, 2014 at 3:53pm

Duplicate Email Captured in the Email Chain on August 22, 2014 at 3:53pm



Duplicate 1-page attachment is attached to the Email dated August 22, 2014 at 3:53pm (above)



From: Whidbee, Robin
Sent: Friday, August 22, 2014 4:09 PM
To: Bae, Philip
Subject: FW: Research assignment: CIT Group Inc. - IMB HoldCo LLC

For Your Information.

I have assigned Sooji Kim in AMPS/EAPPS.

From: Choi, Dong Beom
Sent: Friday, August 22, 2014 4:06 PM
To: McCune, Crystall
Cc: Whidbee, Robin; Kim, Sooji
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain on August 22, 2014 at 4:07pm.

From: McCune, Crystall
Sent: Friday, August 22, 2014 12:14 PM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain on August 22, 2014 at 12:16pm.

Duplicate Email included in the Email Chain on August 22, 2014 at 12:16pm.



From: Whidbee, Robin
Sent: Friday, August 22, 2014 4:12 PM
To: Bae, Philip
Subject: RE: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC

Ok, I will send it out to the appropriate recipients.

From: Bae, Philip
Sent: Friday, August 22, 2014 4:10 PM
To: Whidbee, Robin
Subject: RE: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC

I made a minor change to the Filing Proposal description to be consistent with FDL language and saved it in DM. Thanks.

From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:41 PM
To: Bae, Philip
Subject: FW: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email Captured in the Email Chain from
August 22, 2014 at 3:41pm (above).

From: McCune, Crystall
Sent: Friday, August 22, 2014 11:58 AM
To: Bae, Philip
Cc: Whidbee, Robin
Subject: -FRSONLY- Documents to review: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email Captured in the Email Chain from August 22, 2014 at 3:41pm (above).

From: Whidbee, Robin
Sent: Friday, August 22, 2014 4:33 PM
To: Johnson, Elisa
Cc: Bae, Philip; Steffey, Brian; McCune, Crystall
Subject: -FRSONLY- FDL - CIT Group Inc.
Attachments: FD_FRBSF.pdf

Dear Ms. Johnson,

Attached is a copy of our first day letter w/r/t the application by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. The application is available through E-Apps Filing #22684.

If you have any questions, please contact Philip Bae, at (212) 720-2658 or Brian Steffy, at (212) 720-6515.

Thank you.



Robin Whidbee
Bank Applications Support Associate A
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720-5786 or
646.720.5786
Alt Tel: 212.720.8842
Mobile (b)(6)
Fax: 212.720.1608

The 2-page attachment (the First Day Letter to FRBSF from FRBNY) is a duplicate copy of the 2-page letter to FRBSF attached to the Email Chain dated August 22, 2014 at 3:41pm (above).

From: Schnabel, Nancy
Sent: Friday, August 22, 2014 4:39 PM
To: Charlton, Richard
Subject: RE: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC -FRSONLY-
Attachments: RE: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-

RESTRICTED FR

Rich [REDACTED] (b)(5)

There is a kick-off meeting to discuss processing of the CIT application amongst FRBNY staff next Thursday. I will forward you the invitation. Hopefully, you will be able to attend.

Please let me know if you have any additional questions.

Best,

Nancy

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Charlton, Richard
Sent: Friday, August 22, 2014 3:53 PM
To: Schnabel, Nancy
Subject: FW: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC -FRSONLY-

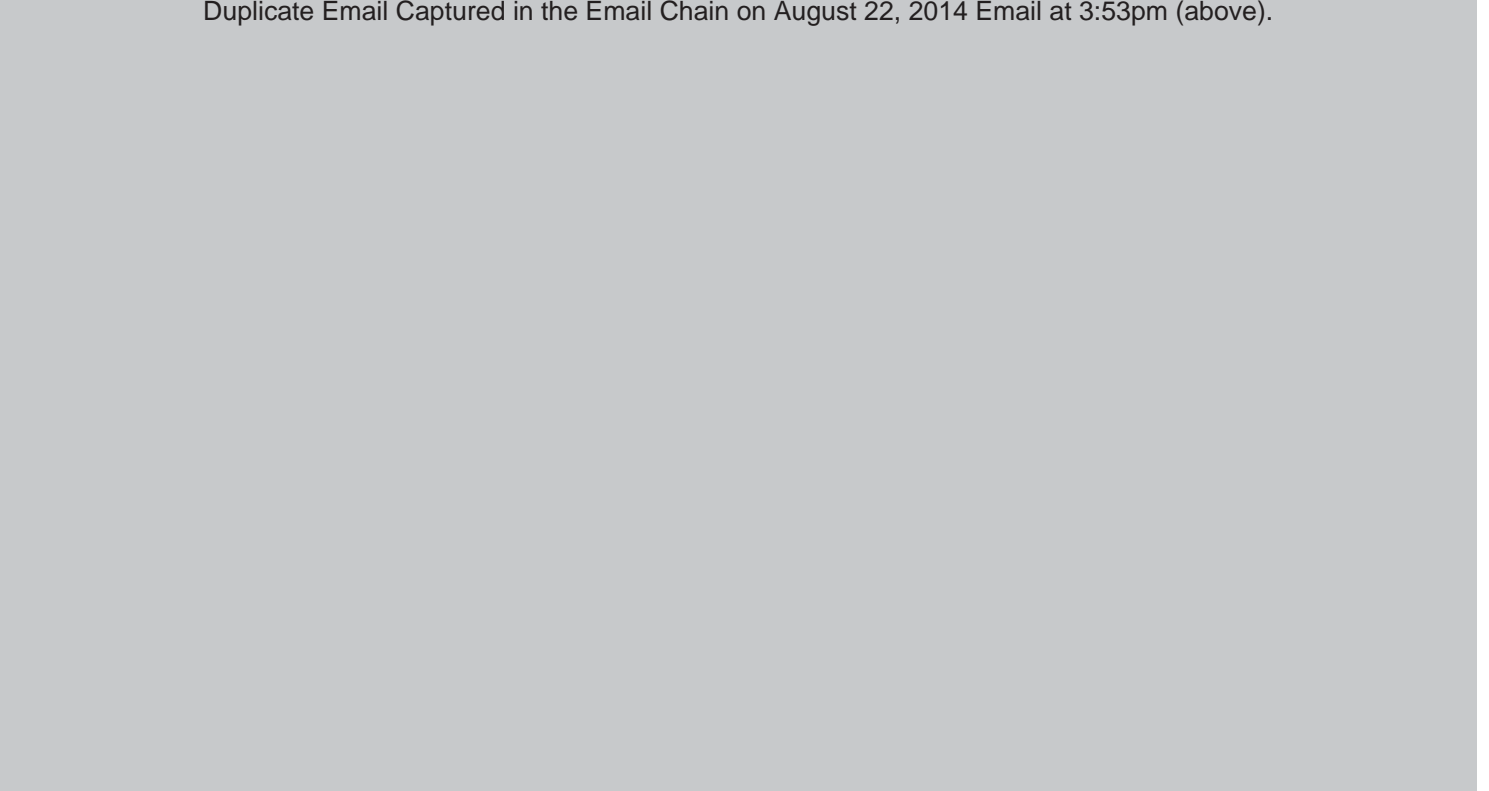
RESTRICTED FR

Duplicate Email Captured in the Email Chain on August 22, 2014 Email at 3:53pm (above).

From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:51 PM
To: Charlton, Richard; Schnabel, Nancy; Bustelo, Felix; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Akal, John; Bae, Philip; Bovell, Jeanelle; Brannon, Lisa; Caetano, Ruth; Davis, George; Gilmour, June; Hansen, Joyce; Hurwitz, Ivan; McCune, Crystall; Steffey, Brian; Whidbee, Robin; Yee, Rosalie
Subject: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC

Duplicate Email Captured in the Email Chain on August 22, 2014 Email at 3:53pm (above).

Duplicate Email Captured in the Email Chain on August 22, 2014 Email at 3:53pm (above).



From: Schnabel, Nancy
Sent: Wednesday, July 16, 2014 4:05 PM
To: Charlton, Richard
Subject: RE: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-
Attachments: FW: -FRSONLY- CIT Proposed Acquisition -FRSONLY-

Rich – I just called Brian Steffey. He will be speaking about CIT. Brian intends to summarize (i) the June 30, 2014 meeting that we have with CIT and (ii) the July 1, 2014 call with Board staff. He confirmed that neither you nor I would be required to speak.

Attached please find an email providing background on the topics that Brian intends to address tomorrow.

Please let me know if you need anything else.

Best,

Nancy

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Charlton, Richard
Sent: Wednesday, July 16, 2014 3:54 PM
To: Schnabel, Nancy
Subject: RE: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-

Why don't you find out who plans to lead. If it's me, I should do some preparation beforehand. Thanks.

From: Schnabel, Nancy
Sent: Wednesday, July 16, 2014 3:53 PM
To: Charlton, Richard
Subject: RE: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-

Richard – No, I was unaware until now that CIT would be a topic tomorrow morning. Of course, I will attend the discussion.

Best,

Nancy

Nancy Liao
Counsel
Legal Function

Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Charlton, Richard
Sent: Wednesday, July 16, 2014 3:51 PM
To: Schnabel, Nancy
Subject: FW: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-

Are you leading the discussion? Thanks.

From: Davis, George
Sent: Wednesday, July 16, 2014 3:50 PM
To: NY Legal-Apps Thursday Call; NY Legal-Bank Sup Thursday Call; NY Legal-Board Thursday Call - 1; NY Legal-Board Thursday Call - 2
Subject: LATE TIME: Legal/Apps/FISG/Board Meeting - July 17, 2014, NY attendees will meet at 9:15am in the 20th Floor-33 Maiden Lane- Large Conference room -FRSONLY-

Note that the NY portion will begin at 9:15am and the NY/Board portion will begin at 9:30am. The meeting will take place in 20th Floor-33 Maiden Lane- Large Conference room.

NY Only

CIT -- Proposed Acquisition

NY & Board

No proposed topics

Dial-in Information:

Toll Free Dial-in Number:
PARTICIPANT CODE:
HOST CODE:

(b)(6)

Relationship managers and specialists: Your attendance is greatly appreciated, and we would expect that in some cases you would be providers of information and in some cases be users of information developed in the call, and you may also be part of action plans going forward. Thank you for your assistance.

From: Schnabel, Nancy
Sent: Thursday, July 03, 2014 3:27 PM
To: Charlton, Richard
Subject: FW: -FRSONLY- CIT Proposed Acquisition -FRSONLY-
Attachments: ENewsClips_PDF_Export_Article.pdf; CIT Group Background Info for June 30th meeting.docx

RESTRICTED FR

Rich [REDACTED] (b)(5)

[REDACTED] Attached please find a *Wall Street Journal* article tha [REDACTED] (b)(5)

Also, attached please find a summary that FISG prepared on the proposed acquisition. I have a rather substantial dealbook, which I would be happy to share with you.

In the June 30th meeting, CIT described the due diligence that it conducted on OneWes [REDACTED] (b)(4), (5) & (8)

[REDACTED] (b)(4) & (8)

-
-
-

[REDACTED] (b)(4) & (5)

I intend to touch base with Brian on Monday. Currently, CIT anticipates asking its Board to approve the acquisition on July 15th. CIT will make a public announcement shortly after such approval.

Please let me know if you have any questions.

Best,

Nancy

Nancy Liao Schnabel
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Charlton, Richard
Sent: Wednesday, July 02, 2014 12:48 PM
To: Schnabel, Nancy
Subject: RE: -FRONLY- CIT Proposed Acquisition -FRONLY-

RESTRICTED FR

All good—thanks! I was most interested in whether or not you were included—happy to hear that you were. Anything else I need to know about this? Thanks.

From: Schnabel, Nancy
Sent: Wednesday, July 02, 2014 10:41 AM
To: Charlton, Richard
Subject: RE: -FRONLY- CIT Proposed Acquisition -FRONLY-

RESTRICTED FR

Rich – I hope that everything is going well! How is little Rich?

Yes, I was invited to the June 30th meeting. Ivan accurately summarized the issues that we raised with CIT.

Please let me know if you have any questions. And please enjoy your July 4th weekend!

Best,

Nancy

Nancy Liao Schnabel
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Charlton, Richard
Sent: Tuesday, July 01, 2014 7:31 PM
To: Schnabel, Nancy
Subject: Fw: -FRONLY- CIT Proposed Acquisition -FRONLY-

Did you get invited to the June 30 meeting?

Regards,
Richard Charlton
Counsel and Vice President
Federal Reserve Bank of New York
(212) 720-2867
(M (b)(6))
richard.charlton@ny.frb.org

From: Hurwitz, Ivan
Sent: Tuesday, July 01, 2014 04:23 PM
To: Dahlgren, Sarah; Baxter, Thomas; Manzari, Steven J; Hansen, Joyce; Ricketti, John; Cheatham, James; Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Charlton, Richard; Scinto, Renato
Cc: Steffey, Brian; Schnabel, Nancy

Subject: RE: -FRSONLY- CIT Proposed Acquisition -FRSONLY-

RESTRICTED FR

Brian, Nancy, and I spoke with Alison Thro (Board Legal) and Katie Cox (Board Apps) to see how CIT's meeting with Board staff went today (b)(4), (5) & (8)

From: Ricketti, John

Sent: Monday, June 30, 2014 4:57 PM

To: Dudley, William; Dahlgren, Sarah; Baxter, Thomas; Manzari, Steven J

Cc: Cheatham, James; Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji

Subject: -FRSONLY- CIT Proposed Acquisition

RESTRICTED FR

Today, Chairman and CEO John Thain of CIT and key members of his senior management team as well as outside Legal Counsel Rodgin Cohen came in for a meeting with us to preview a transaction to acquire OneWest Bank, a \$24 bn bank with 74 branches located in Southern California. (b)(5)

John Thain knows OneWest's Chairman Steven Mnuchin. The transaction is valued at \$3.4 bn and will be funded via 59% cash and 41% stock at a premium of 1.2 times OneWest's tangible book value.

(b)(4) & (5)

(b)(4) & (5)

. The CIT Bank (a state non-member bank in Utah) will be merged into OneWest Bank (a national chartered bank). Steven Mnuchin will become a Vice Chairman of CIT Group and OneWest's Presiden (b)(4) & (5).

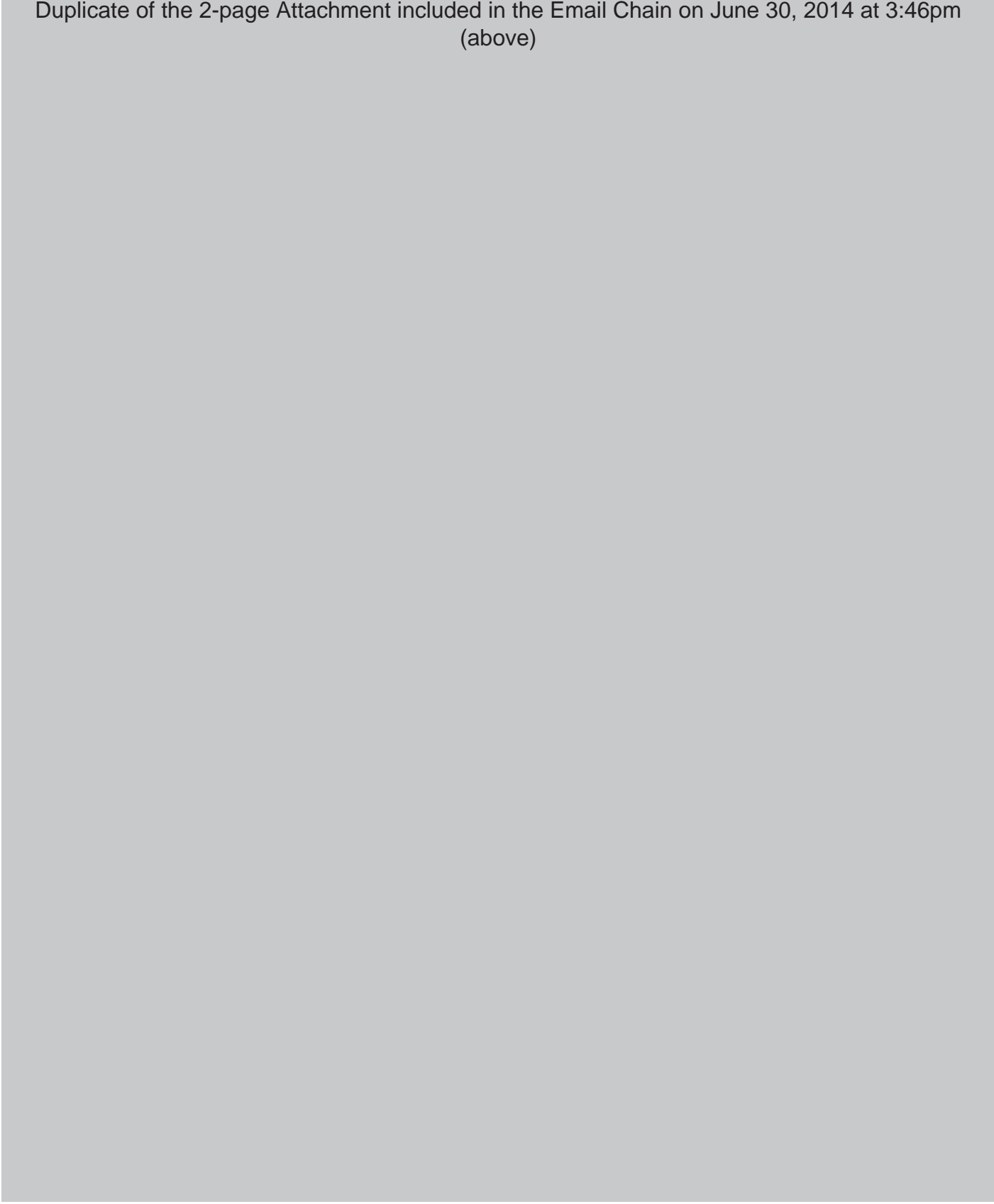
Next steps, CIT will meet with Board Staff and OCC tomorrow and FDIC on Wednesday. If negotiations proceed accordingly with OneWest, the transaction would be approved on July 15 by CIT's board and CIT will then go public with the transaction and submit an application.

John Ricketti
Office (212) 720-2192

B (b)(6)

Restricted FR

Duplicate of the 2-page Attachment included in the Email Chain on June 30, 2014 at 3:46pm
(above)



Thu, Jul 3, 2014 12:41:18 PM EDT

This collection of clippings has been prepared by the Research Library of the Federal Reserve Bank of New York to bring news items of interest to the attention of key personnel for their use in their official capacities. It is not intended to capture all news or to be a substitute for newspapers and periodicals as a means of keeping informed about the meaning and impact of news developments. Selection of an article does not reflect official endorsements. Further reproduction for private use or gain is subject to the original copyright.

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Global Finance: Lender Is Prepared to Be 'Important' --- CIT Chief Thain Says He Would Consider a Deal That Put the Company Over a Regulatory Threshold



THE WALL STREET JOURNAL

U.S. EDITION

Jun 26, 2014

BY Andrew R. Johnson

CIT Group Inc. Chairman and Chief Executive John Thain said Wednesday that the business lender is open to a "bigger" acquisition despite heightened regulatory requirements that such a transaction likely would trigger.

The Livingston, N.J.-based company, which provides financing to small and midsize businesses, is one of the few banks approaching \$50 billion in assets, a threshold at which higher capital standards and enhanced data-reporting requirements kick in for financial institutions. CIT had \$48.6 billion in assets at the end of the first quarter.

Mr. Thain said in a presentation to investors that CIT is "at least at the moment prepared to go over \$50 [billion] and be" a systemically important financial institution -- a designation applied to banks above that asset size -- if the right deal came along.

The former Merrill Lynch CEO previously has said CIT may try to acquire a bank with a small branch network to build out its deposit base, which has become a more crucial source of funding for its loans since the company emerged from Chapter 11 bankruptcy in late 2009.

If the bank surpasses \$50 billion in assets, it would prefer to do so in a substantial way rather than inch over the line, Mr. Thain said Wednesday.

Mr. Thain didn't specify a specific asset size for potential acquisition targets but said it wouldn't "help us very much" to "buy a \$2 billion bank."

While M&A activity in the banking industry has begun to pick up among small banks, there has been little activity among midsize banks, a disparity that analysts have attributed to increased regulatory scrutiny that such deals have garnered.

A deal by Buffalo, N.Y.-based lender M&T Bank Corp. to acquire Paramus, N.J.-based bank Hudson City Bancorp Inc. has been pending for nearly two years after regulators discovered problems with M&T's programs for preventing money laundering.

Mr. Thain cited the M&T deal as a reason for the lack of activity among midsize banks.

"Nobody wants to be in a position where they announce a deal and it gets hung up for a very long time," he said.

Banks approaching the \$50 billion asset level face questions of whether they can stomach increased regulatory requirements, including rigorous "stress testing" exercises to determine whether they have sufficient capital.

Recently, there has been talk in Washington about whether the size threshold is too low.

Federal Reserve governor Daniel Tarullo said last month that it may make sense to raise the threshold to \$100 billion from \$50 billion for certain regulatory requirements, such as those pertaining to planning for the wind-down of a financial institution and stress-testing exercises to determine whether a bank has adequate capital to survive an economic slowdown.

Mr. Thain said that barring acquisitions, CIT would be unlikely to "pierce" the \$50 billion asset line for at least another 12 to 18 months.

Doing a deal would help bolster CIT's bank subsidiary.

CIT previously relied heavily on the commercial-paper and debt markets to finance its loans to customers. It was unable to continue funding loans after the financial crisis as those markets dried up, ultimately forcing it file for bankruptcy protection.

Since he took the helm of CIT in early 2010, Mr. Thain has tried to increase CIT Bank's deposits, which provide a cheaper and more-stable source of funding for its loans, while cutting the company's high-cost debt.

Meanwhile, CIT also said Wednesday it intends to boost its quarterly dividend by 50% to 15 cents. The increase would raise the company's dividend yield to about 1.3% from 0.9%, based on Tuesday's closing share price of \$45.16.

CIT resumed paying dividends last year for the first time since 2009 after the Federal Reserve Bank of New York removed limits it had placed on the company to compel it to improve its risk management and corporate governance.

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From: Kim, Sooji
Sent: Friday, August 22, 2014 5:51 PM
To: Choi, Dong Beom; Yang, Bryan; De, Rajlakshmi
Subject: CIT-IMB documents saved

Everything is saved under:

Z:\Work\MergerApplications\CIT-IMB

(Z is [\\rb\b1\Nyresan\RDS\](#))

From: Whidbee, Robin <robin.whidbee@ny.frb.org>
Sent: Friday, August 22, 2014 6:01 PM
To: Whidbee, Robin; Bae, Philip
Subject: Conversation with Whidbee, Robin

(b)(5)



From: Whidbee, Robin
Sent: Friday, August 22, 2014 6:14 PM
To: Chambers, Valencia M (Board); Everhart, Kathy E (BOARD); Hargrove, Andrea (Board)
Cc: Bae, Philip; McCune, Crystall; Steffey, Brian
Subject: -FRONLY- Federal Register - CIT/IMB - AMPS 89659
Attachments: Federal Register Wire_Section 3_CIT_IMB_AMPS 89659.docx

Please process the attached wire. If you have any questions, please contact Philip Bae, at (212) 720-2658 or Crystall McCune, at (212) 720-2110. Thank you.



Robin Whidbee
Bank Applications Support Associate A
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720-5786 or
646.720.5786
Alt Tel: 212.720.8842
Mobile (b)(6)
Fax: 212.720.1608

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202/736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658 - Ext

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 1 of 4
Section: 3A3 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC, NEW YORK, NY

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

BHC and/or BANK TO BE ACQUIRED (Name, City, State)

RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202/736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658 - Ext

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 2 of 4
Section: 3A2 - Non Expedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC, NEW YORK, NY

1036967
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RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
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END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202/736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658 - Ext

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 3 of 4
Section: 3A1 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC, NEW YORK, NEW

1036967
PENDING

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BHC and/or BANK TO BE ACQUIRED (Name, City, State)

RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

If the filing also involves the acquisition of a nonbanking company, the section 4(c)(8) form must also be completed and submitted to the Technical Editor with this form. It is essential that the 4(c)(8) information be provided with the section 3 information because the Federal Register notice must reference both the section 3 and section 4 filings.

END MESSAGE

TO: Kathy Everhart
Technical Editor
Legal Division
Board of Governors
Phone: 202/736-5563
Email: Kathy.E.Everhart@frb.gov

FROM: PHILIP BAE
NEW YORK
212-720-2658 - Ext

Federal Register Notice Form for Section 3 Filings

Date Sent: 08/22/2014
Number of Pages: 4 of 4
Section: 3A5 - NonExpedited
Date filing/request for publication received: 08/21/2014
Is this a request for a prefiling publication? No

APPLICANT (Name, City, State):

RSSD ID No.

CIT GROUP INC. LIVINGSTON, NJ
CARBON MERGER SUB LLC, NEW YORK, NY

1036967
PENDING

Filing Proposal: CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

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RSSD ID No.

IMB HOLDCO LLC, PASADENA, CA
ONEWEST BANK, NATIONAL ASSOCIATION, PASADENA, CA

3923614
3918898

Does this application also involve acquisition of a nonbank company? No

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END MESSAGE

From: Charlton, Richard
Sent: Friday, August 22, 2014 6:48 PM
To: Whidbee, Robin
Cc: McCune, Crystall
Subject: Re: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

Yep--thanks.

Regards,
Richard Charlton
Counsel and Vice President
Federal Reserve Bank of New York
(212) 720-2867
(M (b)(6))
richard.charlton@ny.frb.org

From: Whidbee, Robin
Sent: Friday, August 22, 2014 06:25 PM
To: Charlton, Richard
Cc: McCune, Crystall
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Hi Rich – Philip Bae sent you the calendar appointment for this kick-off meeting.

From: Charlton, Richard
Sent: Friday, August 22, 2014 1:16 PM
To: Whidbee, Robin
Subject: FW: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

Duplicate Email Captured in the Email Chain dated August 22, 2014 at 1:20pm (above)

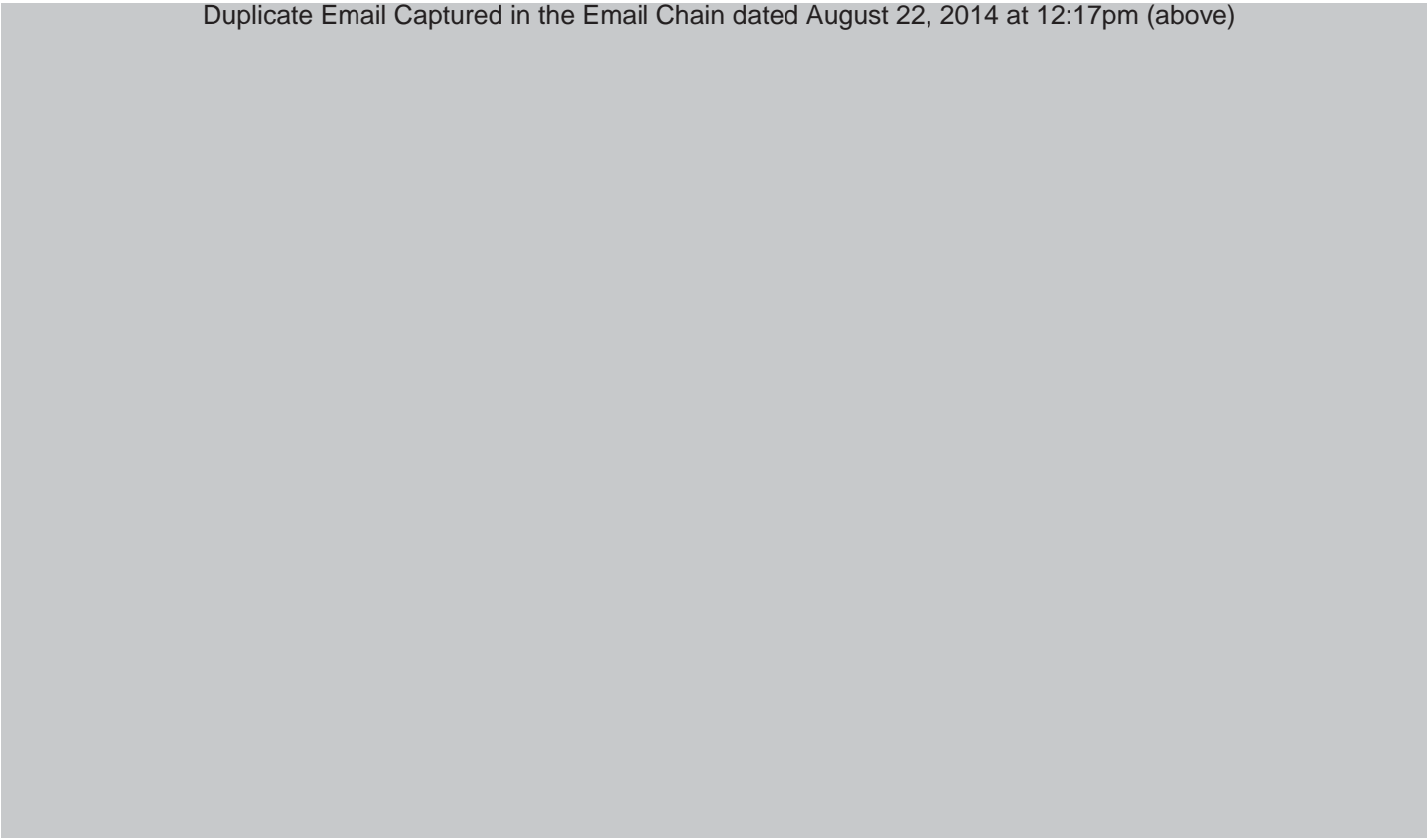
From: Charlton, Richard
Sent: Friday, August 22, 2014 1:12 PM
To: McCune, Crystall
Subject: RE: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

Duplicate Email Captured in the Email Chain dated August 22, 2014
at 1:20pm (above)

From: McCune, Crystall
Sent: Friday, August 22, 2014 10:45 AM
To: Schnabel, Nancy
Cc: Charlton, Richard; Bae, Philip; Whidbee, Robin
Subject: <For Your Review>- CIT Group Inc. - IMB HoldCo LLC (Part 1 of 2) -FRSONLY-

RESTRICTED FR

Duplicate Email Captured in the Email Chain dated August 22, 2014 at 12:17pm (above)



From: Adam Cohen
To: [Alison Thro](#)
Cc: [Keisha Patrick](#); [Mark Buresh](#); [Bao Nguyen](#); [Dafina Stewart](#); [Andrew Hartlage](#); [Joe Carapiet](#); [Derald Seid](#); [Scott Tkacz](#); [Pam Nardolilli](#)
Subject: LAPH Updates -FRSONLY-
Date: Friday, August 22, 2014 7:10:53 PM

Dear Alison:

I, or my reviewer, have completed updates in LAPH for the following pending matters:

- Not Responsive - Does Not Concern CIT-OneWest Application; also (b)(5)
-
-
-
-
-
- CIT Group
- Not Responsive - Does Not Concern CIT-OneWest Application; also (b)(5)
-
-
-

The following cases are not reflected in LAPH:

Not Responsive - Does Not Concern CIT-OneWest Application; also (b)(5)

Please let me know if you have any questions.

Thanks,
Adam

From: Brannon, Lisa
Sent: Monday, August 25, 2014 10:23 AM
To: ne.licensing@occ.treas.gov
Cc: Steffey, Brian; McCune, Crystall; Bae, Philip; Whidbee, Robin
Subject: For Your Review - CIT/IMB
Attachments: FD_OCC.pdf

Please see the attached letter from the Federal Reserve Bank of New York requesting your comments on a new filing by CIT Group Inc., Livingston, New Jersey. An electronic copy of the filing is available for your review in CDTR. For your convenience, below is the link to the relevant CDTR page containing the documents.

<https://bsr.frb.go> the link to the CDTR website is not responsive to the FOIA request; also withheld as (b)(5)

The filing was loaded to CDTR on 8/22/14. Please note that the filings are automatically removed from CDTR 90 days after loading. Please confirm receipt of this email and verify that the documents are available.



Lisa Brannon-Perrin
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720.5352
Alt Tel: 212.720.8842
Fax: 212.720.1608

The 2-page attachment (the First Day Letter to the OCC from FRBNY) is a duplicate copy of the 2-page letter to the OCC attached to the Email Chain dated August 22, 2014 at 3:41pm (above).

From: Brannon, Lisa
Sent: Monday, August 25, 2014 10:25 AM
To: antitrust.bank@usdoj.gov
Cc: Bae, Philip; Steffey, Brian; McCune, Crystall; Whidbee, Robin
Subject: For Your Review - CIT/IMB
Attachments: FD_DOJ.pdf

Please see the attached letter from the Federal Reserve Bank of New York requesting your comments on a new filing by CIT Group Inc., Livingston, New Jersey. An electronic copy of the filing is available for your review in CDTR. For your convenience, below is the link to the relevant CDTR page containing the documents.

<https://bsr.frb.gov> the link to the CDTR website is not responsive to the FOIA request; also withheld as (b)(5)

The filing was loaded to CDTR on 8/22/14. Please note that the filings are automatically removed from CDTR 90 days after loading. Please confirm receipt of this email and verify that the documents are available.



Lisa Brannon-Perrin
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720.5352
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Quezada, Andre
Sent: Monday, August 25, 2014 10:28 AM
To: Cheatham, James
Cc: Nobles, Topaz J
Subject: One West and Holding Company Documents -FRSONLY-
Attachments: Final 2015 IMB HoldCo LLC Supervisory Products, as of 12.31.2013.docx; OCC 2015 Supervisory Strategy - OneWest Bank.pdf; OneWest Bank Summary and Qualitative Assessment.pdf; IMB HoldCo LLC ROI as of 3-31-13 EIC John Dzus.pdf

Attached are some documents with regards to One West. Primarily I used the IMB Holdco RSSD to get most of the documents that are put together by the FRB San Francisco.

Andre Quezada
LBO On-Site CPC Team – CIT Group Inc.
Credit Risk Coordinator
Fed Office – (212)720-2182
Blackberry (b)(6)
Midtown Office – (212)461-5711

The attachment "Final 2015 IMB HoldCo LLC Supervisory Products, as of 12.31.2013.docx" (52 pages) and the attachment "IMB HoldCo LLC ROI as of 3-31-13 EIC John Dzus.pdf" (43 pages) are duplicate copies of the attachments to the July 1, 2014 Email at 9:17am (above).

The attachment "OCC 2015 Supervisory Strategy - OneWest Bank.pdf" (57 pages) is a duplicate copy of an attachment to the July 1, 2014 Email at 9:32am (above).

The attachment "OneWest Bank Summary and Qualitative Assessment.pdf" (41 pages) is a duplicate copy of an attachment to the July 14, 2014 Email at 11:45am (above).

Accordingly, these four attachments (totaling 193 pages) have been withheld as duplicative.

Alison Thro

From: Pam Nardolilli
Sent: Monday, August 25, 2014 10:31 AM
To: Alison Thro
Subject: Hope you had fun -FRSONLY-

FYI-The FR notice for CIT came in. EOCP is September 24. I let Andrew and Michael W. know

From: Fergus, Troy E
Sent: Monday, August 25, 2014 10:40 AM
To: Heo, Julie
Subject: FW: CIT Acquisition deck
Attachments: OneWest acquisition deck from 7-22-14 analyst meeting.pdf

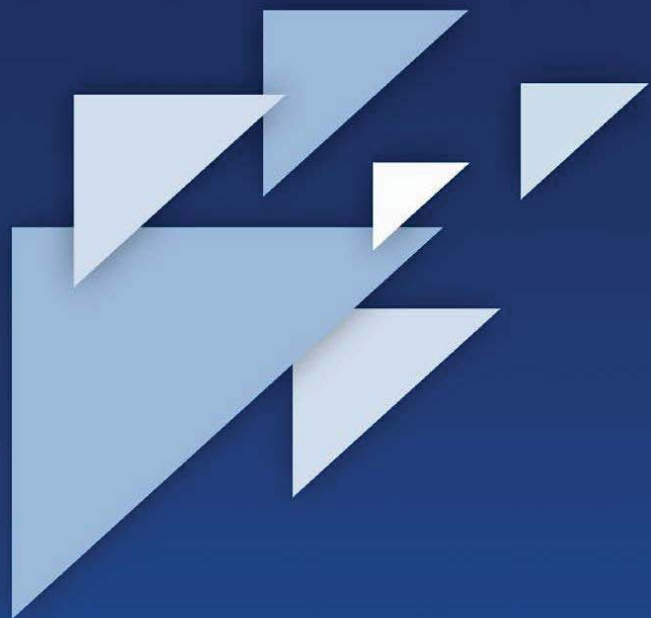
From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:21 AM
To: Fergus, Troy E
Subject: FW: CIT Acquisition deck

FYI

From: Cheatham, James
Sent: Tuesday, July 22, 2014 9:10 AM
To: Quezada, Andre; Nobles, Topaz J; Adedoyin, Mobolaji; Kindler, Zev (Zev.Kindler@ny.frb.org); Guo, Cindy; Mendes, Tunde
Cc: Lipman, Michael S (Board) (michael.s.lipman@frb.gov)
Subject: CIT Acquisition deck

FYI

James E. Cheatham
Supervising Examiner
Federal Reserve Bank of New York
212-720-1343 (work)
(b)(6) (BB)
james.cheatham@ny.frb.org



Acquisition of OneWest

Creating a Commercial Bank for the Middle Market

July 22, 2014

Duplicate Copy of the 28-page investor presentation attached to the July 22, 2014 Email at 8:37am (above). The attachment is also publicly available here:
<http://ir.cit.com/Cache/1500062445.PDF?Y=&O=PDF&D=&fid=1500062445&T=&iid=102820>

From: [Kathy Everhart](#)
To: [Adam Drimer \(FRS\)](#); [Andrea Hargrove](#); [Beverly J Grimes \(FRS\)](#); [Cindy Craft \(FRS\)](#); [Crystall McCune \(FRS\)](#); [Dan Hanger \(FRS\)](#); [David L Hubbard \(FRS\)](#); [Donna Rigdon \(FRS\)](#); [Eric Nichols \(FRS\)](#); [Esther R Cox \(FRS\)](#); [Guadalupe Campos \(FRS\)](#); [James Terlop \(FRS\)](#); [Julie Randall \(FRS\)](#); [Karen R Smith \(FRS\)](#); [Kathy Everhart](#); [Kim Hargrove \(FRS\)](#); [Kristi Jones \(FRS\)](#); [Lisa Brannon \(FRS\)](#); [Lorefel Pasibe \(FRS\)](#); [Margaret D Morris \(FRS\)](#); [Maureen B Savage \(FRS\)](#); [MPLS SRC BLAST \(FRS\)](#); [Muriel Maxwell \(FRS\)](#); [Regina M Eaheart \(FRS\)](#); [Robbin Brown \(FRS\)](#); [Robin Whidbee \(FRS\)](#); [Ruth Caetano \(FRS\)](#); [Scott Chu \(FRS\)](#); [Steve Mumm \(FRS\)](#); [Tanisha Reams \(FRS\)](#); [Thomas A Hendricks \(FRS\)](#); [Tracy Basinger \(FRS\)](#); [Wayne Cox \(FRS\)](#)
Cc: [Bao Nguyen](#); [Adam Cohen](#); [Andrew Hartlage](#)
Subject: FR Notices for 8/25 -FRSONLY-
Date: Monday, August 25, 2014 11:53:44 AM
Attachments: [CIT Group.docx](#)

Kathryn (Kathy) E. Everhart
Senior Legal Staff Assistant
Legal Division
Board of Governors of the Federal Reserve System
20th St. & Constitution Ave., NW
Washington, D.C. 20551
202/736-5563 (phone)
202/736-5615 (fax)

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than September 24, 2014.

A. Federal Reserve Bank of Philadelphia (William Lang, Senior Vice President) 100 North 6th Street, Philadelphia, Pennsylvania 19105-1521:

1. *Beneficial Bancorp, Inc.*, Philadelphia, Pennsylvania; to become a bank holding company by acquiring 100 percent of the voting shares of Beneficial Mutual Savings Bank, Philadelphia, Pennsylvania, and all of its nonbanking subsidiaries, upon its conversion to a bank.

In connection with this proposal, Beneficial Savings Bank MHC, and Beneficial Mutual Bancorp, Inc., both in Philadelphia, Pennsylvania, will convert stock form and merge with Beneficial Bancorp, Inc., Philadelphia, Pennsylvania.

B. Federal Reserve Bank of New York (Ivan Hurwitz, Vice President) 33
Liberty Street, New York, New York 10045-0001:

1. *CIT Group Inc., Livingston, New Jersey, and its subsidiary, Carbon Merger Sub LLC*, New York, New York; to acquire 100 percent of the voting shares of, and thereby merge with, *IMB HoldCo LLC*, and thereby indirectly acquire voting shares of *OneWest Bank, N.A.*, both in Pasadena, California. In addition, *Carbon Merger Sub LLC* also has applied to become bank holding company.

Board of Governors of the Federal Reserve System, August 25, 2014.

Michael J. Lewandowski,
Associate Secretary of the Board.
[FR Doc. 14-00000 Filed 00-00-14; 8:45 am]
BILLING CODE 6210-01-P

From: Brannon, Lisa
Sent: Monday, August 25, 2014 12:13 PM
To: Hurwitz, Ivan; Steffey, Brian; Whidbee, Robin; Yee, Rosalie
Subject: Updated Pending List -FRONLY-
Attachments: Pending List_8-25-14.pdf

Attached is the updated pending list for review.



Lisa Brannon-Perrin
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720.5352
Alt Tel: 212.720.8842
Fax: 212.720.1608

PENDING APPLICATIONS LIST

Federal Reserve Bank of New York
- R E S T R I C T E D F. R. -

The following is a list of filings received in Banking Applications, recently completed, and/or in an active processing phase during the indicated period.

Filings Received between 08/18/2014 And 08/22/2014				
STAFF ASSIGNMENTS	APPLICANT(S)	PROPOSAL DESCRIPTION (date received)	NEXT EXPECTED ACTION	ISSUES / COMMENTS
89659-1 (Final) Analyst PHILIP BAE Reviewer BRIAN STEFFEY Legal NANCY SCHNABEL Legal RICHARD CHARLTON Board Jevon Gordon Board Adam Cohen Board Andrew Hartlage Supervision TOPAZ MCKINNON CPC Supervision JAMES CHEATHMAN Manager Admin CRYSTALL MCCUNE Support Admin ROBIN WHIDBEE Support Consumer FELIX BUSTELO DCCA Peggy Naulty	CARBON MERGER SUB LLC (438510720) NEW YORK, NY CIT GROUP INC. (1036967) LIVINGSTON, NJ	CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a) (1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. Filing Receive Date: 8/21/2014	Acknowledge Date 08/28/2014 Due:	08/25/2014 - First Day Letters Letters requesting for comments were sent to the DOJ, the FRB San Francisco, and the OCC. <hr/> 08/22/2014 - Application Status Currently under review.
Not Responsive -refers to an entirely unrelated application; also (b)(5)				

The remainder of this attachment (18 pages) discusses unrelated applications and has been withheld as not responsive; also (b)(5).

From: Brannon, Lisa
Sent: Monday, August 25, 2014 3:46 PM
To: Adedoyin, Mobolaji; Akal, John; Annoscia, Ben; Antal, Laura; Arbuthnott, Marilyn; Arrow, Ethan; Auer, Lance; Awatramani, Anita; Bae, Philip; BASALYGA, Peter; Baxter, Thomas; Bergin, James P; Bessoff, Noah; Bhagrattee, Tamesh; Bonnemere, Larry; Bonner, Margaret; Borysewicz, Carol; Bovell, Jeanelle; Brickler, Lucinda M; BRODOWS, William; Brooke, Edward; Brown, Annette; Bustelo, Felix; Caban, Eric; Caetano, Ruth; Calabia, Christopher; Chai, Won; Chan, Benjamin C; Charlton, Richard; Cheatham, James; Check, Raymond; Chen, Elizabeth; Coffey, Kevin; Cornwell, LaVerne; Crawn, Richard; Cummings, Martha; Dahlgren, Sarah; Danzig, Andrew; Davis, George; Davis, Jeanmarie; de Plas, Joanna; Dechario, Toni; Dobbeck, Dianne; Dolan, Thomas; Duke, Damon L; Dupiton, Louis; Early, Brian; Elder, Daniel; Ensmenger, Peter; Ewen, Sheryl; Farrell, Kevin; Finer, Hampton; Finkelberg, Fred; Fondiller, Elissa; Frawley, Caroline; Fusco, Victoria; Garcia, MIGDALIA; Gilmour, June; Gonzalez, Mayra; Goodstein, Denise; Gordon, Betsy; Gorzkowski, Barbara; GrantMungroo, Wendy; Green, Dana R; Griffith, Bettyann; Guider, Paul; Hansen, Joyce; Hargraves, Lauren; Hennessy, James; Hightower, Merissa; Hilton, William; Hrung, Warren; Hunter, Christopher; Hurwitz, Ivan; Ince, Irmak; Ingber, Jeffrey; Joniaux, Lisa; Jules, Beverly; KELLY, William; Kennedy, Margaret; Keylin, Yuliya; Kim, David; Kim, HaeRan; Kim, Johnathon J; Kim, Min; Knight, Claudette; Koh, Michael; Kopliner, Sonya; Kotch, Jerome; Kraidin, Lisa; Krauland, Irene; Kung, Catherine; Lam, Susan; Latorre, Alejandro; Lau, David; Lee-Chan, Theonilla; Lei, Lei; Li, Viola; Liu, Vivian; Lovisa, Jacqueline; Ludwig, Mike; MacEwen, Anne; Madias, Lydia A; Manzari, Steven J; Marcopulos, Tamara; Maru, Sishush; McCune, Crystall; McGee, Richard; Meadow, Patricia; Mirsky, Steven; Morgan, Hugh; Moy, William; Muccia, Daniel; Murray, Mary; Murray-Bacchus, Devika; Nagel, Scott; Nelson, Michael; Ng, Victor; Ng, Wendy; Nobles, Topaz J; Notaro, Rosanne; Ntone-Kouo, Samuel; Osterhus, Brian; Palma, Jennifer; Psomas, Alexander J; Psomiades, Maria; Reynolds, John; Richards, Bruce; Ricketti, John; Rivera, Janette; ROBINSON, Juliet; Rodas, Mario; Rostoker, Lawrence; Ruiz, Stephanie; Sabado, Wilma; Sanchez, Irene; Santasiero, Ralph; Satyanarayana, Shrilaxmi; Schnabel, Nancy; Schussler, Michael; Schwarz, Audrey; Sewell, David G; Sharma, Vandana; Sheridan, Timothy; Silfen, Lauren; Sinha, Rinku; Smith, David A; Sommer, Joseph; Sperber, Leslie A; Steffey, Brian; Stein, Jason; Stermasi, Bard; Stone, Debra F; STREETS, Kerry; Suarez, Ivelisse; Sukharan, Leon; Sullivan, Daniel; Swain, Sharon; Tafone, Elizabeth; Taylor, Deborah; Tham, Lily; Thompson, Richard; Tramontana, Janine M; Vohra, Shivaji; Voigts, Jan; Wakefield, Jane; Walden, Steven; Walgenbach, Emilie; Wall, James; Wang, Shawei T; Waters, Conor; Whidbee, Robin; White, Amy; Wolgemuth, Jennifer; Yee, Rosalie; Yelcich, Barbara; Yun, Ruth
Subject: Bank Applications Pending List for Week of 8/18/14 through 8/22/14 -FRSONLY-
Attachments: Pending List_8-25-14.pdf

RESTRICTED FR

The attached revised Pending List is organized in 3 sections (sorted alphabetically by institution name):

- 1) Filings Received
- 2) Filings Completed
- 3) Filings Pending

If you have any questions/comments, please contact the analyst directly.

If you no longer wish to be on this Recipient List, please let me know.



Lisa Brannon-Perrin
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720.5352
Alt Tel: 212.720.8842
Fax: 212.720.1608

PENDING APPLICATIONS LIST

Federal Reserve Bank of New York
- R E S T R I C T E D F. R. -

The following is a list of filings received in Banking Applications, recently completed, and/or in an active processing phase during the indicated period.

Filings Received between 08/18/2014 And 08/22/2014				
STAFF ASSIGNMENTS	APPLICANT(S)	PROPOSAL DESCRIPTION (date received)	NEXT EXPECTED ACTION	ISSUES / COMMENTS
89659-1 (Final) Analyst PHILIP BAE Reviewer BRIAN STEFFEY Legal NANCY SCHNABEL Legal RICHARD CHARLTON Board Jevon Gordon Board Adam Cohen Board Andrew Hartlage Supervision TOPAZ MCKINNON CPC Supervision JAMES CHEATHMAN Manager Admin CRYSTALL MCCUNE Support Admin ROBIN WHIDBEE Support Consumer FELIX BUSTELO DCCA Peggy Naulty	CARBON MERGER SUB LLC (438510720) NEW YORK, NY CIT GROUP INC. (1036967) LIVINGSTON, NJ	CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a) (1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended. Filing Receive Date: 8/21/2014	Acknowledge Date 08/28/2014 Due:	08/25/2014 - First Day Letters Letters requesting for comments were sent to the DOJ, the FRB San Francisco, and the OCC. <hr/> 08/22/2014 - Application Status Currently under review.
Not Responsive -refers to an entirely unrelated application; also (b)(5)				

The remainder of this attachment (18 pages) discusses unrelated applications and has been withheld as not responsive; also (b)(5).

From: Jevon Gordon
Sent: Monday, August 25, 2014 4:21 PM
To: Peggy Naulty
Subject: RE: CIT Group - OneWest Bank -FRSONLY-

Thanks Peggy. (b)(5)

From: Peggy Naulty
Sent: Friday, August 22, 2014 2:01 PM
To: Jevon Gordon; Adam Cohen; Philip Bae (FRS)
Cc: Melissa Vanouse
Subject: CIT Group - OneWest Bank -FRSONLY-

RESTRICTED FR

Duplicate of Email Captured in the August 22, 2014 Email Chain at 2:43pm

Peggy Naulty
Banking Applications Section
Consumer Compliance Supervision Branch
Division of Consumer and Community Affairs
Board of Governors
(202) 452-2088

From: [Melissa Vanouse](#)
To: [CCA Bank Applications](#)
Cc: [Phyllis Harwell](#)
Subject: FW: Case updates -FRSONLY-
Date: Monday, August 25, 2014 5:08:21 PM

Restricted FR

Thanks, Anthony, for these notes from today's case call:

Not Responsive -refers to an entirely unrelated application; also (b)(5).



-
Not Responsive -refers to an entirely unrelated application; also (b)(5).



CIT Group – Melissa reported that although the application is in a pre-filing stage, (b)(5)



Not Responsive -refers to an entirely unrelated application; also (b)(5).



Not Responsive -refers to an entirely unrelated application; also (b)(5).




The next call is scheduled for Tuesday, September 2 in light of the public holiday on Monday.

Hope this is helpful.

Regards,
Anthony

From: Melissa Vanouse

Sent: Friday, August 22, 2014 2:30 PM
To: Anthony Iwuji; Lisa Joire; Peggy Naulty; Charles Fleet
Subject: RE: Case updates -FRSONLY-

INTERNAL FR

Hi all,

Anthony is up for the call on Monday at 11. As always, please provide the updates by ~9 am on Monday.

As a reminder, the Governor report updates are due to me COB (5 pm) next Wednesday.

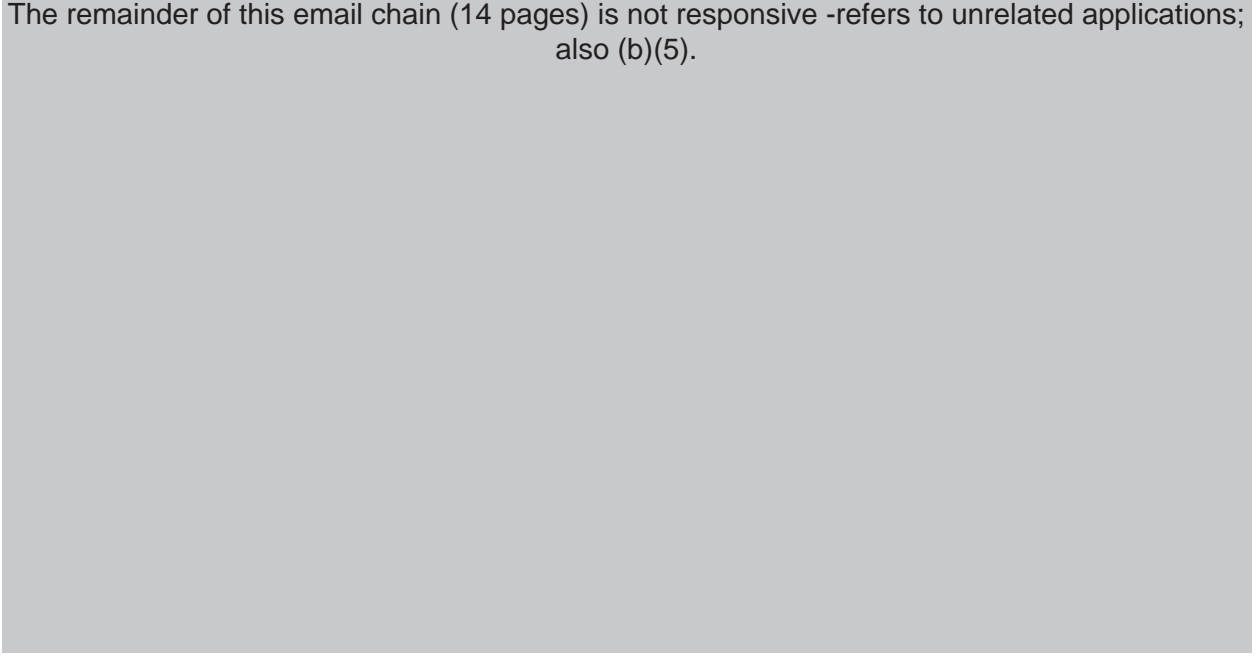
Have a great weekend! Enjoy!!
Melissa

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov
Tel: 202.452.3488
Mobile: (b)(6)

From: Melissa Vanouse
Sent: Monday, June 30, 2014 9:54 AM
To: Anthony Iwuji; Lisa Joire; Peggy Naulty; Charles Fleet; Helen Troy
Subject: RE: Case updates -FRSONLY-

The remainder of this email chain (14 pages) is not responsive -refers to unrelated applications; also (b)(5).



From: McCune, Crystall
Sent: Tuesday, August 26, 2014 8:42 AM
To: Robert.Ingato@cit.com
Subject: RE: E-APPS Confirmation of Initial Filing or Pre-Filing CN:22684

Good Morning:

Thank you for providing me with this confirmation email.

Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

-----Original Message-----

From: Robert.Ingato@cit.com [mailto:Robert.Ingato@cit.com]
Sent: Friday, August 22, 2014 2:13 PM
To: McCune, Crystall
Subject: FW: E-APPS Confirmation of Initial Filing or Pre-Filing CN:22684

We received the confirmation of filing for CIT's Section 3 Application today - see below.

Bob

CIT | Robert J. Ingato | EVP, General Counsel | Corporate | +1 973 740 5664 (tel) | Robert.Ingato@cit.com

This email message and any accompanying materials may contain proprietary, privileged and confidential information of CIT Group Inc. or its subsidiaries or affiliates (collectively, "CIT"), and are intended solely for the recipient(s) named above. If you are not the intended recipient of this communication, any use, disclosure, printing, copying or distribution, or reliance on the contents, of this communication is strictly prohibited. CIT disclaims any liability for the review, retransmission, dissemination or other use of, or the taking of any action in reliance upon, this communication by persons other than the intended recipient(s). If you have received this communication in error, please reply to the sender advising of the error in transmission, and immediately delete and destroy the communication and any accompanying materials. To the extent permitted by applicable law, CIT and others may inspect, review, monitor, analyze, copy, record and retain any communications sent from or received at this email address.

-----Original Message-----

From: electronicapplications@frb.gov [mailto:electronicapplications@frb.gov]

Sent: Friday, August 22, 2014 12:25 PM

To: Wood, Christine

Subject: E-APPS Confirmation of Initial Filing or Pre-Filing CN:22684

E-APPS E-MAIL CONFIRMATION STATEMENT FOR INITIAL REGULATORY FILING OR PRE-FILING

Confirmation Number: 22684

Important - Please do not reply to this email message.

This e-mail confirms that the Board of Governors of the Federal Reserve System (Federal Reserve) received the regulatory filing or pre-filing described below on behalf of CIT GROUP INC., submitted by Christine M Wood on Aug 20 2014 10:18PM Eastern to the Federal Reserve Bank of New York via the Federal Reserve's Electronic Applications system (E-Apps). You are receiving this confirmation because you either submitted the regulatory filing or pre-filing on behalf of CIT GROUP INC., or you are identified in E-Apps as a person responsible for the filing. The regulatory filing or pre-filing, described as CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire all of the outstanding shares of IMB HoldCo LLC and indirectly OneWest Bank, N.A., all of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended., consists of the following document

t(s):

SC1-#3702398-v1-CIT_Section_3_Application__Public_, SC1-#3702397-v1-CIT_Section_3_Application__Confide, SC1-#3702399-v1-CIT_Section_3_Application.pdf,

All regulatory filings with the Federal Reserve must be true, correct, and complete. The Federal Reserve requires a filer or responsible person to accept the following legal certification:

I certify that the information contained in the aforementioned submission has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 USC 1001 and 1007.

I acknowledge that approval of this submission is in the discretion of the Federal Reserve. Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Christine M Wood, as agent for CIT GROUP INC., accepted this legal certification when he/she submitted the regulatory filing and related documents described above on behalf of CIT GROUP INC., via E-Apps. No further action is necessary unless you believe that this acceptance was in error or that there is a mistake in connection with the filing. In either of these events or if you have questions about the submission, please contact the Applications Manager of the appropriate Federal Reserve Bank using the following link immediately, as failure to notify the Federal Reserve of any error constitutes your acceptance of the above legal certification.

http://www.federalreserve.gov/generalinfo/applications/afi/res_contacts.htm

Because the regulatory filing may contain personal information that is subject to the Privacy Act, we are providing you with a link to the Privacy Act Statement for the Electronic Applications system.

<https://externaleapps.kc.frb.org/EApps/links/privacy.jsp>

Notice: The Submission date for all filings submitted after 3:00 PM of the designated Local FRB time zone will be the following business day.

From: McCune, Crystall
Sent: Tuesday, August 26, 2014 8:57 AM
To: Steffey, Brian; Bae, Philip; Whidbee, Robin
Cc: Caetano, Ruth; Brannon, Lisa
Subject: Federal Register Wire Publication by Board (AMPS#89659)
Attachments: CIT Group.docx

Attached is the Federal Register Wire related to your case. Please check for accuracy and contact your reviewer and/or Board Legal if you have any questions. See attachment.

The publication date has been entered into AMPS and saved in the DM folder.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

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100 North 6th Street, Philadelphia, Pennsylvania 19105-1521:

1. *Beneficial Bancorp, Inc.*, Philadelphia, Pennsylvania; to become a bank holding company by acquiring 100 percent of the voting shares of Beneficial Mutual Savings Bank, Philadelphia, Pennsylvania, and all of its nonbanking subsidiaries, upon its conversion to a bank.

In connection with this proposal, Beneficial Savings Bank MHC, and Beneficial Mutual Bancorp, Inc., both in Philadelphia, Pennsylvania, will convert stock form and merge with Beneficial Bancorp, Inc., Philadelphia, Pennsylvania.

B. Federal Reserve Bank of New York (Ivan Hurwitz, Vice President) 33
Liberty Street, New York, New York 10045-0001:

1. *CIT Group Inc., Livingston, New Jersey, and its subsidiary, Carbon Merger Sub LLC*, New York, New York; to acquire 100 percent of the voting shares of, and thereby merge with, *IMB HoldCo LLC*, and thereby indirectly acquire voting shares of *OneWest Bank, N.A.*, both in Pasadena, California. In addition, *Carbon Merger Sub LLC* also has applied to become a bank holding company.

Board of Governors of the Federal Reserve System, August 25, 2014.

Michael J. Lewandowski,

Associate Secretary of the Board.

[FR Doc. 14-00000 Filed 00-00-14; 8:45 am]

BILLING CODE 6210-01-P

From: Adam Cohen
To: [Bao Nguyen](#)
Subject: FW: CIT files have been uploaded to eapps -FRSONLY-
Date: Tuesday, August 26, 2014 11:05:00 AM

FYI.

From: James Chen
Sent: Tuesday, August 26, 2014 11:05 AM
To: Andrew Hartlage; Adam Cohen
Subject: CIT files have been uploaded to eapps -FRSONLY-

Gentlemen we spoke to last week from NY just called to let us know

From: Adam Cohen
To: [James Chen](#); [Andrew Hartlage](#); [Bao Nguyen](#)
Subject: RE: CIT files have been uploaded to eapps -FRSONLY-
Date: Tuesday, August 26, 2014 11:08:51 AM

You are right. It's odd that we (or at least I) didn't get a notification that these docs were uploaded. But there are in fact over 1000 pgs of material on EAPPS.

I WILL HAVE DOCUTECH PRINT OUT COPIES FOR EVERYONE. No duplicate requests like last time.

From: James Chen
Sent: Tuesday, August 26, 2014 11:05 AM
To: Andrew Hartlage; Adam Cohen
Subject: CIT files have been uploaded to eapps -FRSONLY-

Gentlemen we spoke to last week from NY just called to let us know

From: Schnabel, Nancy
Sent: Tuesday, August 26, 2014 1:06 PM
To: Charlton, Richard
Subject: FW: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC
Attachments: Notify Message_AMPS 89659_EAPPS 22684.docx

RESTRICTED FR

Rich – FYI – (b)(5)

[Redacted]

(b)(5)

[Redacted]

Please let me know if you have any questions on the above.

Best,

Nancy

Nancy Liao
Counsel
Legal Function
Federal Reserve Bank of New York
(212) 720-8132
nancy.schnabel@ny.frb.org

From: Whidbee, Robin
Sent: Friday, August 22, 2014 3:51 PM
To: Charlton, Richard; Schnabel, Nancy; Bustelo, Felix; Choi, Dong Beom; De, Rajlakshmi; Kim, Sooji; Yang, Bryan
Cc: Akal, John; Bae, Philip; Bovell, Jeanelle; Brannon, Lisa; Caetano, Ruth; Davis, George; Gilmour, June; Hansen, Joyce; Hurwitz, Ivan; McCune, Crystall; Steffey, Brian; Whidbee, Robin; Yee, Rosalie
Subject: -FRSONLY- Application In - CIT Group - IMB HoldCo LLC

RESTRICTED FR

Duplicate Email is Captured in the Email Chain dated August 22, 2014 at 3:53pm (above)

Duplicate Email is Captured in the Email Chain dated August 22, 2014 at 3:53pm (above)



Duplicate 1-page attachment is attached to the Email dated August 22, 2014 at 3:53pm (above)



From: McCune, Crystall
Sent: Tuesday, August 26, 2014 3:40 PM
To: Goodstein, Denise; Lam, Susan; Lohnau, Deborah; Ludwig, Mike; NY Accounting Customer Support; NY ST Structure; Pizzuti, Joan
Cc: Bae, Philip; Whidbee, Robin
Subject: -FRSONLY- Structure Memo: CIT Group Inc.
Attachments: Structure Memo_CIT Group Inc..doc

Please see the structure memo for the application by CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

Forthcoming Structure Change

To: Structure Memo Recipients¹

Analyst: Philip Bae

Extension: 2658

Proposal Description (includes ID-RSSD #):²

CIT Group Inc., Livingston, New Jersey, (RSSD#1036967) and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, (Temporary RSSD# 438510720) to acquire 100 percent of the stock of IMB HoldCo LLC, (RSSD#3923614) and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, (RSSD# 3918898) pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.

Additional Information:

As part of the proposal, Carbon Merger Sub LLC has also applied to become a bank holding company, which will serve as an interim shell bank holding company to facilitate the transaction.

The proposal involves (check all that apply):

- ☐ Formation of de novo bank:³
☐ Federal Reserve Membership
☐ Bank Merger(s)

☐ Federal

☐ State

- ☒ Formation of BHC/FBO
☐ FHC election
☐ BHC/FBO Acquisition
☒ Bank Acquisition:³
☒ Merger of BHC/FBO(s)

☐ Initial
☐ Domestic

☒ Add'l
☐ Foreign

☒ Federal

☐ State

☐ Establishment of branch office of foreign bank:

☐ Initial

☐ Add'l

☐ Federal

☐ State

☐ Establishment of representative office of foreign bank:

☐ Initial

☐ Add'l

☐ Federal

☐ State

☐ Establishment of agency of foreign bank:

☐ Initial

☐ Add'l

☐ Federal

☐ State

☐ Other, explain: _____

Is an application pending with other regulatory agencies?

☒ Yes

☐ No

If yes, check all that apply:

☐ FDIC

☒ OCC

☐ State

☐ Other:

Applicant's designated contact(s):

Name/Title Camille L. Orme/Partner

Entity Sullivan & Cromwell LLP

Address 125 Broad Street, New York, NY 10004-2498

Phone/Fax (212) 558-3373/ (212) 558-3588

Email ormec@sullcrom.com

Target's designated contact(s):

Name/Title Same as the applicant's contact

Entity

Address

Phone/Fax

Email

¹ Statistics Function – Banking Structure Division.

² All known ID-RSSDs have been included above; you will receive a separate request for those entities not in NIC.

³ Includes thrift institutions

From: Bae, Philip
Sent: Tuesday, August 26, 2014 3:55 PM
To: McCune, Crystall (Crystall.McCune@ny.frb.org)
Subject: FW: IMB HoldCo/OneWest Bank_Exam Reports -FRSONLY-

RESTRICTED FR

From: Bae, Philip
Sent: Friday, August 22, 2014 5:08 PM
To: Dzus, John
Subject: IMB HoldCo/OneWest Bank_Exam Reports -FRSONLY-

Dear John,

Currently, I am reviewing a bank holding company application filed by CIT Group Inc. to acquire IMB Holdco LLC and its bank subsidiary, OneWest Bank NA.

(b)(5)

Thanks much,
Philip

Philip Bae
Bank Applications
Federal Reserve Bank of New York
212-720-2658

From: Crawn, Richard
Sent: Tuesday, August 26, 2014 5:09 PM
To: McCune, Crystall
Subject: RE: -FRSONLY- Structure Memo: CIT Group Inc.

Chrystal what is the shell row id?

From: McCune, Crystall
Sent: Tuesday, August 26, 2014 5:07 PM
To: Crawn, Richard
Subject: RE: -FRSONLY- Structure Memo: CIT Group Inc.

Richard, the permanent RSSD has not been issued.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Crawn, Richard
Sent: Tuesday, August 26, 2014 5:01 PM
To: McCune, Crystall
Subject: FW: -FRSONLY- Structure Memo: CIT Group Inc.

Crystall, the ID RSSD: 438510720 for Carbon Merger Sub LLC is too long. Would you be able to tell me the correct id?

From: McCune, Crystall
Sent: Tuesday, August 26, 2014 3:40 PM
To: Goodstein, Denise; Lam, Susan; Lohnau, Deborah; Ludwig, Mike; NY Accounting Customer Support; NY ST Structure; Pizzuti, Joan
Cc: Bae, Philip; Whidbee, Robin
Subject: -FRSONLY- Structure Memo: CIT Group Inc.

Duplicate of Email dated August 26, 2014 at 3:40pm (above).

Duplicate of Email dated August 26, 2014 at 3:40pm (above).

From: [Bae, Philip](#)
To: [McCune, Crystall](#)
Subject: FW: OWB OCC 2013 examination -FRSONLY-
Date: Tuesday, August 26, 2014 5:58:45 PM
Attachments: [OWB 2013 ROE FINAL.pdf](#)

RESTRICTED FR

From: Johnson, Elisa
Sent: Tuesday, August 26, 2014 5:19 PM
To: Bae, Philip
Cc: Hoskins, Gloria
Subject: FW: OWB OCC 2013 examination -FRSONLY-

RESTRICTED FR

Hi Philip -

Further to our conversation, attached please find the 2013 ROE for OneWest Bank. If you have any further questions, please don't hesitate to contact Gloria Hoskins or myself.

Thanks,
Elisa

From: Hoskins, Gloria
Sent: Tuesday, August 26, 2014 10:07 AM
To: Johnson, Elisa
Subject: OWB OCC 2013 examination -FRSONLY-

RESTRICTED FR

Gloria J. Hoskins, Central Point of Contact – Regional and Foreign Institutions Group

Federal Reserve Bank of San Francisco | Banking Supervision & Regulation
950 South Grand Avenue | Los Angeles, CA 90015 | ☎: 213-683-2751 | Mobile: (b)(6) | ✉:
gloria.hoskins@sf.frb.org

1 attachment (totaling 68 pages) withheld pursuant to exemptions 4 and 8.

From: McCune, Crystall
Sent: Wednesday, August 27, 2014 8:38 AM
To: Crawn, Richard
Subject: RE: -FRONLY- Structure Memo: CIT Group Inc.

Good Morning Richard,

The shell id RSSD that has been assigned is 4738990, I was unaware of the assignment when I sent the structure memo.



Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Crawn, Richard
Sent: Tuesday, August 26, 2014 5:23 PM
To: McCune, Crystall
Subject: FW: -FRONLY- Structure Memo: CIT Group Inc.

Crystall, the shell row that was created is a different id. The id is 4738990. I am not sure what 438510720 is related to?

Assign Action:	▼ <input type="button" value="GO"/>		<input type="button" value="ADD ROW"/>				
	<u>ACTION</u>	<u>TRANS</u>	<u>IDENTITY</u>	<u>ID RSSD</u>	<u>DT START</u>	<u>DT END</u>	<u>NM SHORT</u>
⊙	NA		SUBJECT	4738990	20140822	99991231	CARBON MERGER SUB LL

From: McCune, Crystall
Sent: Tuesday, August 26, 2014 3:40 PM
To: Goodstein, Denise; Lam, Susan; Lohnau, Deborah; Ludwig, Mike; NY Accounting Customer Support; NY ST Structure; Pizzuti, Joan
Cc: Bae, Philip; Whidbee, Robin
Subject: -FRONLY- Structure Memo: CIT Group Inc.

Duplicate of Email dated August 26, 2014 at 3:40pm (above).

Duplicate of Email dated August 26, 2014 at 3:40pm (above).



Assign Action:		▼		GO	ADD ROW		Transaction Filter:		SHOW ALL ROWS	▼
	ACTION	TRANS	IDENTITY	ID RSSD	DT START	DT END	NM SHORT	STATUS ROW	ACCT MNTD TYPE CD	ACT PRIM CD
⦿	NA		SUBJECT	4738990	20140822	99991231	CARBON MERGER SUB LLC	S(SHELL)	0	0

From: Choi, Dong Beom
Sent: Wednesday, August 27, 2014 10:12 AM
To: McCune, Crystall
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Thanks!

[dong](#)

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: McCune, Crystall
Sent: Wednesday, August 27, 2014 10:12 AM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Good Morning:

I will take care of assigning you to the case. Please ensure that your email is in the notification box so that you receive all the E-Apps upload emails.

Preferences

General Password Absence Notification EDMS Download

E-Mail E.g.: bizflow@handysoft.com

Apply Close Help...



Regards,
Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP
Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Choi, Dong Beom
Sent: Wednesday, August 27, 2014 9:57 AM
To: McCune, Crystall
Cc: Whidbee, Robin
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Good morning,

Could you please add my email address to this case as well (we have added Sooji Kim from research so far). Thanks!

Best,
Dong

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: McCune, Crystall
Sent: Friday, August 22, 2014 12:14 PM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain dated August 22, 2014 at 12:16pm (above).



From: Nobles, Topaz J
Sent: Wednesday, August 27, 2014 10:33 AM
To: Cheatham, James; andre.quezada@ny.frb.org
Subject: Ben Chen Request -FRSONLY-
Attachments: Business Model and Strategic Risk Survey - CIT.docx

Jim/Andre,

Attached please find what I've put together in response to the request from Ben. Please review and let me know if you'd like to see any changes. This request relates to business strategy and corresponding risks. As such I thought it'd be a good idea to get your sign-off before sending over to Ben. I hope to have to him by today. Question #8 is blank as Ben said to skip it.

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberr (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

Business Model/Strategic Risk Survey

Instructions:

Please answer the following questions to the best of your ability. If you have previously provided answers to questions 1-6 and nothing has changed, you may simply respond with “no change”.

1 (b)(5) & (b)(8)

(b)(5) & (b)(8)

3 (b)(5) & (b)(8)

4 (b)(5) & (b)(8)

5. Does your firm anticipate any acquisitions or strategic partnerships within the next 12-months that would have an impact on their business model, operations, and/or revenue? Yes, No, If “Yes”, can you provide examples?

Yes. CIT announced its intent to merge with OneWest Bank. The details of the merger can be found in the embedded document below.


CIT Acquisition of
OneWest 7 23 14 FIN

The embedded attachment is a duplicate of the attachment to the email on July 23, 2014 at 3:34pm (above).

6 (b)(5) & (b)(8)

(b)(5) & (b)(8)

- (b)(5) & (b)(8)
- (b)(5) & (b)(8)

- [REDACTED] (b)(5) & (b)(8)
[REDACTED]
- [REDACTED]
[REDACTED]

[REDACTED] (b)(5) & (b)(8)

[REDACTED]

From: McCune, Crystall
Sent: Wednesday, August 27, 2014 11:42 AM
To: Whidbee, Robin
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Yes, it was done and you were cc:ed in the emailed response.



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Whidbee, Robin
Sent: Wednesday, August 27, 2014 11:34 AM
To: McCune, Crystall
Subject: FW: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Are you taking care of this?

From: Choi, Dong Beom
Sent: Wednesday, August 27, 2014 9:57 AM
To: McCune, Crystall
Cc: Whidbee, Robin
Subject: RE: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain dated August 27, 2014 at 10:12am (above).



From: McCune, Crystall
Sent: Friday, August 22, 2014 12:14 PM
To: Choi, Dong Beom
Cc: Whidbee, Robin
Subject: Research assignment: CIT Group Inc. - IMB HoldCo LLC

Duplicate Email included in the Email Chain dated August 22, 2014 at 12:16pm (above).



From: McCune, Crystall
Sent: Wednesday, August 27, 2014 11:53 AM
To: Whidbee, Robin
Subject: RE: -FRSONLY- Federal Register - CIT/IMB - AMPS 89659 - THANKS FOR EXCELLENT COVERAGE OF THE CIT CASE. (EOM)



Crystall R. McCune
Bank Applications Support Sr Analyst
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720.2110
Alt Tel: 212.720.8842
Fax: 212.720.1608

From: Whidbee, Robin
Sent: Friday, August 22, 2014 6:14 PM
To: Chambers, Valencia M (Board); Everhart, Kathy E (BOARD); Hargrove, Andrea (Board)
Cc: Bae, Philip; McCune, Crystall; Steffey, Brian
Subject: -FRSONLY- Federal Register - CIT/IMB - AMPS 89659

Please process the attached wire. If you have any questions, please contact Philip Bae, at (212) 720-2658 or Crystall McCune, at (212) 720-2110. Thank you.



Robin Whidbee
Bank Applications Support Associate A
Federal Reserve Bank of New York
Bank Applications Function
LEGAL GROUP

Tel: 212.720-5786 or
646.720.5786
Alt Tel: 212.720.8842
Mobile: 212.729.6496
Fax: 212.720.1608

From: Quezada, Andre
Sent: Wednesday, August 27, 2014 1:58 PM
To: Nobles, Topaz J
Cc: Cheatham, James
Subject: RE: Ben Chan Request -FRSONLY-
Attachments: Business Model and Strategic Risk Survey - CIT v2.docx

Topaz, I have made some edits to the document. Attached is the version with some updates and I expanded some of the comment (b)(5) .

From: Nobles, Topaz J
Sent: Wednesday, August 27, 2014 10:33 AM
To: Cheatham, James; Quezada, Andre
Subject: Ben Chen Request -FRSONLY-

Duplicate Copy of the August 27, 2014 Email at 10:33am (above).

Business Model/Strategic Risk Survey

Instructions:

Please answer the following questions to the best of your ability. If you have previously provided answers to questions 1-6 and nothing has changed, you may simply respond with "no change".

1. (b)(5) & (b)(8)

1.a (b)(5) & (b)(8)

1.b (b)(5) & (b)(8)

2 (b)(5) & (b)(8)

3. (b)(5) & (b)(8)

4 (b)(5) & (b)(8)

5. Does your firm anticipate any acquisitions or strategic partnerships within the next 12-months that would have an impact on their business model, operations, and/or revenue? Yes, No, If "Yes", can you provide examples?

Yes. CIT announced its intent to merge with OneWest Bank. The details of the merger can be found in the embedded document below.


CIT Acquisition of
OneWest 7 23 14 FIN

The embedded attachment is a duplicate of the attachment to the email on July 23, 2014 at 3:34pm (above).

6 (b)(5) & (b)(8)

(b)(5) & (b)(8)

7. (b)(5) & (b)(8)

-
-
-
-
-

(b)(5) & (b)(8)

(b)(5) & (b)(8)

From: Nobles, Topaz J
Sent: Wednesday, August 27, 2014 2:38 PM
To: Chan, Benjamin C
Cc: Cheatham, James; andre.quezada@ny.frb.org
Subject: Request -FRSONLY-
Attachments: Business Model and Strategic Risk Survey - CIT.docx

Ben,

Attached please find the template you asked us to fill out. Let me know if you require anything else. Per your request I skipped question 8.

TOPAZ J. NOBLES, Esq.
Bank Examiner
Financial Institution Supervision Group
Federal Reserve Bank of New York
Office Phone: 212-720-1632
On-Site Phone: 973-740-5554
Blackberry (b)(6)
Email: topaz.nobles@ny.frb.org
Web: www.newyorkfed.org

Business Model/Strategic Risk Survey

Instructions:

Please answer the following questions to the best of your ability. If you have previously provided answers to questions 1-6 and nothing has changed, you may simply respond with “no change”.

1 (b)(5) & (b)(8)

1.a (b)(5) & (b)(8)

1.b (b)(5) & (b)(8)

2 (b)(5) & (b)(8)

3. (b)(5) & (b)(8)

4 (b)(5) & (b)(8)

5. Does your firm anticipate any acquisitions or strategic partnerships within the next 12-months that would have an impact on their business model, operations, and/or revenue? Yes, No, If “Yes”, can you provide examples?

Yes. CIT announced its intent to merge with OneWest Bank. The details of the merger can be found in the embedded document below.


CIT Acquisition of
OneWest 7 23 14 FIN

The embedded attachment is a duplicate of the attachment to the email on July 23, 2014 at 3:34pm (above).

(b)(5) & (b)(8)

(b)(5) & (b)(8)

7. (b)(5) & (b)(8)

-
-
-
-

(b)(5) & (b)(8)

(b)(5) & (b)(8)

From: Melissa Vanouse
Sent: Wednesday, August 27, 2014 3:48 PM
To: Lisa Joire; Anthony Iwuji; Peggy Naulty
Cc: Charles Fleet
Subject: Updates for Phyllis -FRSONLY-

RESTRICTED FR

Hi,

I was thinking that it'd be helpful for Phyllis to have a compilation of "live" issues for her consideration/awareness when she arrives back in the office next Tuesday. Charles is working on a draft for his three cases where there are active updates: [REDACTED] I was thinking very high level updates would be good.

Not Responsive -refers to
entirely unrelated
applications; also (b)(5)

Please send me an email with a quick update on the cases that seem to have the most action for her background; something along the lines of:

Not Responsive -refers to entirely unrelated applications; also (b)(5)

- CIT: Not yet filed [REDACTED] (b)(5)

Thanks – if you can send this along by noon or so tomorrow, that'd be helpful, so that I can compile and forward it along to Phyllis.

Thanks!!
Melissa

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov
Tel: 202.452.3488
Mobile: [REDACTED] (b)(6)

From: Choi, Dong Beom
Sent: Wednesday, August 27, 2014 3:59 PM
To: Kim, Sooji
Subject: RE: Filing (22684) Transferred to Board Action track at the Board

(b)(5)

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: Kim, Sooji
Sent: Wednesday, August 27, 2014 3:32 PM
To: Choi, Dong Beom
Subject: RE: Filing (22684) Transferred to Board Action track at the Board

That makes sense to do that. I will let Raj and Bryan know that that is still the plan.

Thanks,
Sooji

From: Choi, Dong Beom
Sent: Wednesday, August 27, 2014 3:31 PM
To: Kim, Sooji
Subject: RE: Filing (22684) Transferred to Board Action track at the Board

That's what I wanted to know actually. We can figure that out at the meeting tomorrow

Dong Beom Choi
Financial Intermediation Function
Research and Statistics Group
The Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
<http://nyfedeconomists.org/choi>
212 720 6485 (Phone)

From: Kim, Sooji
Sent: Wednesday, August 27, 2014 3:27 PM
To: Choi, Dong Beom
Subject: RE: Filing (22684) Transferred to Board Action track at the Board

Hey Dong,

Do you know if this notification means that we no longer have to work on the case? Should we still go to the kick-off meeting tomorrow?

Thanks,
Sooji

From: Kim, Sooji
Sent: Tuesday, August 26, 2014 11:01 AM
To: Choi, Dong Beom; De, Rajlakshmi; Yang, Bryan
Subject: FW: Filing (22684) Transferred to Board Action track at the Board

From: ElectronicApplications@frb.gov [mailto:ElectronicApplications@frb.gov]
Sent: Tuesday, August 26, 2014 11:00 AM
To: Bae, Philip; Steffey, Brian; McCune, Crystall; Schnabel, Nancy; Charlton, Richard; Whidbee, Robin; Bustelo, Felix; Kim, Sooji; Brannon, Lisa; Caetano, Ruth
Subject: Filing (22684) Transferred to Board Action track at the Board

E-Apps Email Notification

A filing (22684) by CIT GROUP INC. was transferred for Board Action processing.

This case is transferred to the Board (b)(5)

Description:

(CIT Group Inc., Livingston, New Jersey, and its direct, wholly-owned subsidiary, Carbon Merger Sub LLC, New York, New York, to acquire 100 percent of the stock of IMB HoldCo LLC, and indirectly acquire OneWest Bank, N.A., both of Pasadena, California, pursuant to Sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended.)

Section Code:

(3A3 NonExpedited;3A1 NonExpedited;3A2 NonExpedited;3A5 NonExpedited;)

This e-mail message has been automatically generated.

Filing- Notify Transfer Board Action

From: Philip Bae (FRS)
Sent: Wednesday, August 27, 2014 5:11 PM
To: Jevon Gordon
Subject: CIT Section 3_Name Check Question -FRSONLY-

Hi Jevon,

(b)(5)
[Redacted]
[Redacted]
[Redacted]
[Redacted]

Thanks much,
Philip

Philip Bae
Bank Applications
Federal Reserve Bank of New York
212-720-2658

From: Melissa Vanouse
Sent: Wednesday, August 27, 2014 5:13 PM
To: Peggy Naulty
Subject: RE: Status of Protested Cases -FRSONLY-

Thanks – if you can send along updates for CIT and that'd be great, for the email to Phyllis.
Thanks

Not Responsive
-refers to an
entirely
unrelated
application; also
(b)(5)

Melissa Vanouse
Manager, Division of Consumer and Community Affairs
Board of Governors of the Federal Reserve System

Email: melissa.a.vanouse@frb.gov
Tel: 202.452.3488
Mobile: (b)(6)

From: Peggy Naulty
Sent: Wednesday, August 27, 2014 4:01 PM
To: Melissa Vanouse
Subject: Status of Protested Cases -FRSONLY-

RESTRICTED FR

Not Responsive -refers to an entirely unrelated application; also (b)(5)

Not Responsive -refers to an entirely unrelated application; also (b)(5)

Peggy Naulty
Banking Applications Section
Consumer Compliance Supervision Branch

Division of Consumer and Community Affairs
Board of Governors
(202) 452-2088